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United States  
Circuit Court of Appeals

For the Ninth Circuit.

MASICK C. MAGARIAN,

Appellant,

vs.

DETROIT PRODUCTS COMPANY, a copartner-  
ship composed of FLOYD E. WALLACE and  
PERCY J. ELWELL,

Appellees.

Transcript of Record

In Two Volumes


VOLUME I

Pages 1 to 261

Upon Appeal from the District Court of the United  
States for the Northern District of California,  
Southern Division.

OCT 28 1941

PAUL P. O'BRIEN,  
CLERK



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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italic; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in italic the two words between which the omission seems to occur.]

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In the District Court of the United States, in and  
for the Northern District of California, South-  
ern Division.

Civil Action File Number 21306S

MASICK C. MAGARIAN,

Plaintiff,

vs.

DETROIT PRODUCTS COMPANY, a copartner-  
ship, composed of FLOYD E. WALLACE and  
PERCY J. ELWELL,

Defendants.

### COMPLAINT

[1\*]

Now comes the Plaintiff in the above-entitled  
action, and alleges:

1. Plaintiff is a citizen of the United States, and  
a resident of Fresno, in the County of Fresno, and  
State of California.

2. Defendant, on information and belief, is a  
copartnership composed of Floyd E. Wallace and  
Percy J. Elwell, having its principal place of busi-  
ness in the Town of El Segundo, County of Los  
Angeles, and State of California, and having a  
regular and established place of business in the City  
and County of San Francisco, and State of Cali-  
fornia, at 537 Turk Street; the acts of infringe-  
ment hereinafter complained of have taken place

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\*Page numbering appearing at foot of page of original certified  
Transcript of Record.

in said City and County of San Francisco, State of California and elsewhere.

3. This Honorable Court has jurisdiction of this cause of action because it arises under the patent laws of the United States.

4. On April 5th, 1938, United States Design Letters Patent No. D. 109,148 were duly and legally issued to Plaintiff for an invention in a Signal Arm; and since that time Plaintiff has been and still is the owner of those Letters Patent.

5. On April 11th, 1939, United States Letters Patent No. 2,153,634 were duly and legally issued to Plaintiff for an invention in a Signal Arm; and since that date Plaintiff has been and still is the owner of those Letters Patent. [2]

6. Defendant has for a long time past been and still is infringing both of those Letters Patent by making, selling and using, within the City and County of San Francisco, and elsewhere, signal arms embodying the said patented inventions, and will continue to do so unless enjoined by this Court.

7. Plaintiff has placed the required statutory notice on signal arms manufactured and sold by him under said letters patent, and has given written notice to Defendant of his said infringement.

Wherefore Plaintiff demands a preliminary and final injunction against further infringement by Defendant and those controlled by Defendant, an



accounting for profits and damages, and an assessment of costs against Defendant.

MASICK C. MAGARIAN

Plaintiff

A. SCHAPP,

Counsel for Plaintiff.

[Endorsed]: Filed Aug. 18, 1939. [3]

---

[Title of District Court and Cause.]

AMENDED ANSWER

Now come the defendants in the above-entitled action and answer the Bill of Complaint as follows:

1.

Defendants have no knowledge of the citizenship of the plaintiff, but for the purpose of this action admit that he is a citizen of the United States and a resident of [4] Fresno, in the County of Fresno, State of California.

2.

The defendants admit that Floyd E. Wallace and Percy J. Elwell are copartners doing business under the name and style of Detroit Products Company, and that their principal place of business is in the town of El Segundo, County of Los Angeles, State of California, but deny that they, or either of them, have a regular and established place of business in the City and County of San Francisco at 537 Turk Street, or at any other place within the Northern District of California; deny that they have com-

mitted any acts of infringement, and deny that any alleged acts of infringement complained of in the Bill of Complaint have taken place either in the City and County of San Francisco, or elsewhere within the Northern District of California.

## 3.

Defendants admit that the alleged cause of action arises under the patent laws of the United States, but deny that this court has jurisdiction for the reasons that the defendants do not reside in the Northern District of California, nor do they have a regular and established place of business within the Northern District of California, nor have they committed any acts of infringement within the Northern District of California.

## 4.

Defendants admit that on April 5, 1938, Design Letters Patent No. D109,148, were issued to plaintiff, but deny that the same were duly and legally issued. As to the allegation that the plaintiff has been and still is the owner of said letters patent, the defendants are without knowledge and therefore deny that the plaintiff has been and still is the owner thereof.

## 5.

Defendants admit that on April 11, 1939, United States [5] Letters Patent No. 2,153,634, were issued to plaintiff for a Signal Arm, but deny that the same were duly and legally issued. As to the allegation that plaintiff has been and still is the owner

of said letters patent, the defendants are without knowledge and therefore deny that the plaintiff has been and still is the owner thereof.

## 6.

Defendants deny that they have been for a long time past, or at any time, and deny that they now are infringing either or both of said letters patent either by making, selling, or using within the City and County of San Francisco, or elsewhere, signal arms embodying either of the alleged patented inventions, and deny that they will continue to do so unless enjoined by this court.

## 7.

Defendants are without knowledge as to whether the plaintiff has placed the required statutory notice on signal arms manufactured and sold by him, and therefore deny this allegation of the Bill of Complaint. Defendants admit that they have received written notice alleging that the defendants were guilty of infringement.

A. As a first affirmative defense, defendants allege, upon information and belief, that both of said letters patent are invalid and void for the reason that the subject matter thereof does not amount to invention, but instead amounts to mere mechanical skill.

B. Defendants allege, upon information and belief, that said Letters Patent No. 2,153,634 are invalid and void for the reason that the claims thereof

are not for good and valid patentable combinations, but instead are for mere unpatentable aggregations.

[6]

C. Defendants allege, upon information and belief, that both letters patent in suit are invalid and void for the reason that the subject matter thereof has been constructively abandoned by the plaintiff in that the plaintiff sold and publicly used devices embodying the alleged inventions thereof more than two years prior to the filing of the applications for said letters patent.

D. Defendants allege, upon information and belief, that both letters patent in suit are invalid and void for the reason that devices embodying the alleged inventions thereof were sold and publicly used by the following persons or concerns at the following places prior to the plaintiff's alleged invention thereof, or more than two years prior to the filing of the plaintiff's applications for United States Letters Patent thereon:

Sold by Industrial Scientific Company, address P. O. Box 494, Fresno, California; place of sale Fresno, California.

Sold by Reliable Automotive Company, address Fresno, California; place of sale, Fresno, California.

Use by Reliable Automotive Company, address Fresno, California; place of use, Fresno, California.

Use by American Transfer Company, address Fresno, California; place of use, Fresno, California.

Sold and used by Detroit Products Company, address El Segundo, California; place of sale and use 301 El Segundo Boulevard, El Segundo, California.

and others of which the names and addresses and places of sale and use defendants are not now advised but for which they are making diligent inquiry and pray leave to insert herein by amendment when ascertained.

E. Defendants allege, upon information and belief, that Letters Patent No. D-109,148 and 2,153,634, are invalid and void [7] for the reason that each and every material part thereof was patented or described in the following patents and publications:

Patent No.	Patentee	Date
1,600,887	Kimbrough	Sept. 21, 1926
1,675,431	Sharp	July 3, 1928
2,079,408	Hosker	May 4, 1937
1,807,350	Stimson	May 26, 1931
1,415,817	Elliott	May 9, 1922
1,673,865	Costenbader	June 19, 1928
1,847,070	Cunard	March 1, 1932
1,873,033	Reynolds	August 23, 1932
1,233,203	Ducas	July 10, 1917
1,563,790	Reid	December 1, 1925
1,659,082	Carter	February 14, 1928
2,099,671	Bairey	November 23, 1937
340,490	Cummings	April 20, 1886
504,890	Ohmart	Sept. 12, 1893
1,821,227	Mackey	Sept. 1, 1931
1,860,719	Miller	May 31, 1932
2,050,779	Blanchard	August 11, 1936
1,689,786	Koenigsberg	October 30, 1928
1,881,274	Mamiya	November 20, 1934
1,366,317	Gorny	January 18, 1921



Patent No.	Patentee	Date
1,875,418	Ciurana	September 6, 1932
1,308,284	Hoyt	July 1, 1919
2,112,526	Graham	March 29, 1938
1,744,794	Pohlmann	January 28, 1930

**British Patents**

152,071	Corber	September 28, 1930
341,652	Dennis	January 22, 1931

and others, the numbers and dates of which and other identifying media being now unknown to the defendants and for which the defendants are conducting a diligent search and pray leave to insert herein by amendment when ascertained.

F. Defendants allege, upon information and belief, that the letters patent in suit are invalid and void for the reason that the same were obtained upon an application founded by a false oath executed by the plaintiff setting forth that the alleged inventions thereof had not been in public use or on sale in this country for more than two years prior to the filing of the applications for United States Letters Patent thereon whereas the plaintiff knew at the time that said oath was executed that this statement was untrue as the plaintiff himself had sold or [8] had caused to be sold devices embodying the alleged inventions thereof more than two years prior to the filing of his applications for said letters patent.

G. Defendants allege, upon information and belief, that the plaintiff is guilty of unclean hands in respect to the following:

(1) That the plaintiff has sought to suppress and conceal evidence to the effect that devices embodying the alleged inventions of said letters patent were on sale and sold and publicly used within the United States more than two years prior to the filing of his applications for the letters patent in suit, and in so doing, executed a false oath as part of said applications denying that the alleged inventions thereof had been in public use or on sale in this country for more than two years prior to the filing of his applications.

(2) That the plaintiff in marketing his own signal arms and seeking to deprive these defendants of legitimate business and trade representing to the public that the plaintiff's signal arms were patented and protected by patents bearing the following numbers:

1,591,572	1,807,350	1,906,955
1,671,086	1,848,675	
1,743,834	1,895,173	

by applying a plate to the arm bearing these numbers in such a position as to create the impression that these numbers of patents applied to or related to the entire signal arm, whereas in fact the letters patent having these numbers do not belong to the plaintiff but instead belong to J. C. Stimson of St. Louis, Missouri, and instead of relating to the construction of the signal arm relate to the means and method of making the reflectors or lenses used in the plaintiff's signal

arms and to the construction of the lenses themselves that plaintiff purchased [9] from J. C. Stimson, or his concern, and incorporated in the construction of the plaintiff's signal arms.

H. The defendants further allege, upon information and belief, that the plaintiff herein during the prosecution of his alleged application that matured into United States Letters Patent No. 2,153,634, presented certain claims which were rejected by the Examiner, that the Examiner's rejection was acquiesced in by the plaintiff or the attorneys acting on the plaintiff's behalf by the cancellation of certain of the rejected claims, and the amendment to others so that the plaintiff herein is now estopped to urge a construction of the granted claims which would be broad enough to cover the construction alleged by the plaintiff to infringe, or to urge that the granted claims be construed to cover a construction covered by the presented claims prior to their cancellation or amendment. The defendants further allege that by reason of the cancellation of the rejected claims in the application that matured into United States Letters Patent No. 2,153,634, that the plaintiff is estopped to urge that the plaintiff's Design Letters Patent should be construed as being broad enough to cover any construction manufactured and/or sold by these defendants.

I. Defendants further allege upon information and belief, that the claims in United States Letters Patent No. 2, 153,634 are invalid and void in that

incorporated therein is "new matter" or matter not disclosed in the application resulting in said letters patent as the application was originally filed; that said new matter was introduced during the prosecution of the application in opposition to established rules in the Patent Office and that said claims were therefore illegally granted, as the new matter was improper in the first instance and unsupported by any supplemental oath as required by the Patent Office Rules [10] in the second instance.

Wherefore, the defendants pray that the Bill of Complaint herein be dismissed and that they be awarded their taxable costs.

JAS. M. NAYLOR,

Attorney for Defendants.

Dated May 1, 1940.

(Receipt of Service.)

[Endorsed]: Filed May 6, 1940. [11]

---

[Title of District Court and Cause.]

ORDER RELATIVE TO PRE-TRIAL  
CONFERENCE

The above-entitled cause having come on regularly for pre-trial conference, under Rule 16 of the Federal Rules of Civil Procedure, on Monday, July 22, 1940, the plaintiff herein being represented by Adelbert Schapp and defendants having been rep-

resented by Jas. M. Naylor, and upon representations and stipulations of said counsel,

It is hereby ordered:

1. The defendants herein shall have the right to produce evidence on the question of whether the Court has jurisdiction.

2. Plaintiff has title to the patents in suit, as admitted by defendants' counsel.

3. That defendants herein reduce the number of prior patents to be relied upon at the trial from the number listed in paragraph 7 (e) of the answer on file herein to a maximum of ten (10) and within five days from date hereof file with the Court and serve upon plaintiff's counsel a designation of the patents to be relied upon.

4. Notwithstanding item 3 hereof defendants shall have the right to introduce into evidence file histories of plaintiff's patents and copies of the prior patents cited therein by the Patent Office Examiner.

5. Neither of the parties herein shall call a patent expert as a witness.

6. Defendants admit the manufacture and sale of the signal arms offered as plaintiff's Exhibits D and E, on the [12] deposition of Wallace R. Lynn herein.

7. Defendants admit the sale of plaintiff's Exhibit D by T. A. Mitchell to Birkelund Hansen, with-

out waiving defendants' challenge of jurisdiction.

Dated: July 26, 1940.

A. F. ST. SURE,

Judge of the United States District Court.

Approved as to form:

A. SCHAPP,

Attorney for Plaintiff.

F. H. MILLER,

JAS. M. NAYLOR,

Attorneys for Defendants.

(Receipt of Service)

[Endorsed]: Filed July 26, 1940. [13]

[Title of District Court and Cause.]

STATEMENT OF PRIOR PATENTS THAT DEFENDANTS WILL SPECIFICALLY RELY UPON AT THE TIME OF TRIAL.

The following prior patents will be relied upon [14] specifically by the defendants at the time of trial:

Patentee	Number	Issued
Kimbrough	1,600,887	Sept. 21, 1926
Stimson	1,807,350	May 26, 1931
Elliott	1,415,817	May 9, 1922
Costenbader	1,673,865	June 19, 1928
Reynolds	1,873,033	Aug. 23, 1932
Carter	1,659,082	Feb. 14, 1928
Miller	1,860,719	May 31, 1932



British Patent to Dennis 341,652, accepted January 22, 1931.

JAS. M. NAYLOR,

Counsel for Defendants.

July 25, 1940.

(Receipt of Service)

[Endorsed]: Filed July 27, 1940. [15]

---

[Title of District Court and Cause.]

ORDER FOR JUDGMENT ON  
FINDINGS, ETC.

1. Defendants' motion to dismiss for lack of jurisdiction is denied.

2. Plaintiff's motion to add T. A. Mitchell as a party defendant is denied.

3. I find that plaintiff's patent No. 2,153,634 for a signaling arm, issued on April 11, 1939, is invalid for lack of invention.

4. I find that plaintiff's design patent No. 109,148, issued on April 5, 1938, is invalid for lack of invention.

It is therefore ordered that plaintiff take nothing by his suit, and that the complaint be and the same is hereby dismissed with judgment to defendants for their costs.

Counsel for defendants may submit findings of fact and conclusions of law.

Dated: February 13, 1941.

A. F. ST. SURE,

United States District Judge.

[Endorsed]: Filed Feb. 13, 1941. [16]

[Title of District Court and Cause.]

FINDINGS OF FACT AND CONCLUSIONS  
OF LAW

Pursuant to the Order for Judgment on Findings, etc., entered herein on February 13, 1941, the following findings of fact and conclusions of law are submitted by counsel for the defendants for approval and adoption by the Court.

FINDINGS OF FACT

1.

The plaintiff, Masick C. Magarian, is a citizen of the United States and a resident of Fresno, California, and is the owner of United States Letters Patent No. 2,153,634, issued April 11, 1939, and the owner of United States Design Letters Patent No. D-109,148, issued April 5, 1938.

2.

The defendants, Floyd E. Wallace and Percy J. Elwell, are residents of El Segundo in the County of Los Angeles, State of California, and jointly do business under the name and style of Detroit Products Company.

3.

T. A. Mitchell resides at San Francisco, California, and does business under the name and style of T. A. Mitchell Company at 537 Turk Street, San Francisco, California.



## 4.

The defendants, Floyd E. Wallace and Percy J. Elwell, maintain a small supply of signal arms alleged to infringe the plaintiff's patents at the place of business of T. A. Mitchell, Myron Mitchell, who is employed by T. A. Mitchell Company, solicits orders from retailers throughout the Northern District [17] of California for signal arms manufactured by the defendants, which orders if large, are referred to the defendants at El Segundo for acceptance. Such orders are filled at El Segundo, delivery being made from El Segundo and collections effected by the defendants. In the case of small orders these are filled from the supply of allegedly infringing signal arms kept at T. A. Mitchell Company in San Francisco, California.

## 5.

The defendants manufactured and sold a signal arm as illustrated in Defendants' Exhibit A. in California during the year 1927 and during later years.

## 6.

The defendants manufactured and sold in the State of California signal arms exemplified by Defendants' Exhibit D from 1931 to 1935. On or about April 7, 1932, the defendants manufactured and sold in the State of California signal arms exemplified by Defendants' Exhibit I.

## 7.

More than two years prior to the filing of the plaintiff's application for United States Letters Pat-

ent, i. e. November 16, 1937, the plaintiff himself manufactured and publicly sold a signal arm exemplified by Plaintiff's Exhibit A.

## 8.

Prior patents having a pertinent bearing on the question of novelty and invention of the plaintiff's patents include

Elliott	1,415,817	issued May 9, 1922
Kimbrough	1,600,887	issued Sept. 21, 1926
Stimson	1,807,350	issued May 26, 1931

[18]

Costenbader	1,673,865	issued June 19, 1928
Reynolds	1,873,033	issued August 23, 1932
Carter	1,659,082	issued February 14, 1932

and the British Patent to Dennis No. 341,652, issued Jan. 22, 1931.

## 9.

It was not new at the time of the plaintiff's alleged invention to manufacture signal arms having two identical elongated plates having registering marginal flanges and spaced body portions with registering openings therein, this feature being illustrated in plaintiff's Exhibit A and in the Elliott patent.

## 10.

It was not new at the time of the plaintiff's alleged invention to manufacture signal arms with lenses having flanges bearing upon the inner margins of the openings and having body portions projecting through the openings in the plates, this being illustrated in plaintiff's Exhibit A.

## 11.

It was not new at the time of the plaintiff's alleged invention to manufacture signal arms with separators between the lenses or to secure the flanges of the plates together to cause the plates to clamp the lenses upon the separator, this being shown to be old in plaintiff's Exhibit A.

## 12.

It was not new at the time of the plaintiff's alleged invention to have the lenses of signal arms having shaped inner faces to produce desire reflecting effects or to have the separator preventing play between the lenses and plates, such shaped lenses being illustrated in plaintiff's Exhibit A and the [19] utilization of the separator to prevent play being illustrated in plaintiff's Exhibit A.

## 13.

It was not new at the time of the alleged invention of plaintiff's Design Letters Patent to have a signal arm composed of identical elongated plates having raised center portions and marginal flanges with reflectors mounted in a row along the length of the raised center portions, these being shown to be old in defendant's Exhibit D.

## 14.

It was not new at the time of the alleged invention of plaintiff's Design Letters Patent to use elongated lenses or reflectors on signal arms, such being shown to be old in the Costenbader patent.

## 15.

The use of a plurality of reflecting lenses in a row on the sides of a vehicle signal arm and the use of elongated lenses for this purpose at the time of the plaintiff's alleged inventions was a mere matter of selection or option not amounting to invention, but instead mere mechanical skill.

## 16.

The use of a single separator between the lenses arranged in rows in opposite sides of the signal arm and the making of this separator so as to be coextensive with the lense receiving space provided by the plates of the signal arm at the time of the plaintiff's alleged invention did not amount to invention but to mere mechanical skill.

## 17.

During trial of this action claim 2 of the plaintiff's patent No. 2,153,634 was voluntarily withdrawn from issue by [20] plaintiff's counsel.

## 18.

During trial of this action plaintiff moved to have T. A. Mitchell made a party-defendant at the time T. A. Mitchell took the witness stand for purposes of testifying as a witness on behalf of the defendants.

## CONCLUSIONS OF LAW

Wherefore, it is concluded

1.

This Court has jurisdiction as to the suit is based upon the alleged infringement by the defendants of the plaintiff's Letters Patent and the defendants maintain a regular and established place of business at the offices of T. A. Mitchell Company in the Northern District of California.

2.

Plaintiff's motion to add T. A. Mitchell as a party-defendant is untimely and should be denied.

3.

Claim 1, 3 and 4 of the plaintiff's patent No. 2,153,634, issued April 11, 1939, are invalid for lack of invention over the prior art.

4.

Plaintiff's Design Letters Patent No. D-109,148 is invalid for lack of invention over the prior art.

5.

The Bill of Complaint herein should be dismissed with judgment to the defendants for their costs.

[21]

FRED H. MILLER,

JAS. M. NAYLOR,

Counsel for Defendants.

Approved as to form under Rule 22:

A. SCHAPP,

Attorney for Plaintiff.

The foregoing Findings of Fact and Conclusions of Law are hereby adopted and approved.

Dated: This 13th day of March, 1941.

A. F. ST. SURE,

United States District Judge.

(Receipt of Service)

[Endorsed]: Filed Mar. 13, 1941. [22]

---

In the United States District Court in and for the  
Northern District of California,  
Southern Division

Civil Action No. 21306S

MASICK C. MAGARIAN,

Plaintiff,

v.

DETROIT PRODUCTS COMPANY, a copartner-  
ship, composed of FLOYD E. WALLACE and  
PERCY J. ELWELL,

Defendants.

### FINAL JUDGMENT

This Cause having come on to be heard before this Court and having been fully tried upon testimony offered in open court and on depositions previously taken and offered in evidence therein, and the plaintiff and the defendants by their respective counsel having thereafter submitted briefs and the cause



having been submitted to the Court and the same having been duly considered [23]

It Is Hereby Ordered, Adjudged, and Decreed

1.

That this Court has jurisdiction of the case under the Patent Laws of the United States.

2.

That plaintiff's patent No. 2,153,634, issued April 11, 1939 is invalid in law as to claims 1, 3, and 4 thereof for lack of invention.

3.

That plaintiff's Design Letters Patent No. D-109,148, issued April 5, 1938, is invalid in law for lack of invention.

4.

That the plaintiff's Bill of Complaint stand dismissed with prejudice.

5.

That the defendants be awarded their taxable costs in the sum of .....Dollars (\$142.54) to be taxed including the reporter's fees charged for taking the testimony in open court and in the depositions and the cost of transcribing the original copy thereof, and that the defendants have execution therefor against the plaintiff.

Dated: This 13th day of March, 1941.

A. F. ST. SURE,

United States District Judge.

Approved as to form:

A. SCHAPP,

Attorney for Plaintiff.

(Receipt of Service)

March 7/1941.

[Endorsed]: Filed Mar. 13, 1941. [24]

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[Title of District Court and Cause.]

NOTICE OF APPEAL TO CIRCUIT COURT  
OF APPEALS. [25]

Notice Is Hereby Given that Masick G. Magarian, the Plaintiff above-named, hereby appeals to the Circuit Court of Appeals for the Ninth Circuit from the following parts of the Final Judgment entered in this action on the 13th day of March, 1941, to wit:

That Plaintiff's Patent No. 2,153,634, issued April 11, 1939, is invalid in law as to Claims 1, 3 and 4 thereof for lack of invention;

That Plaintiff's Design Letters Patent, No. D-109,148, issued April 5, 1938, is invalid in law for lack of invention;

That the Plaintiff's Bill of Complaint stand dismissed with prejudice.

That the Defendants be awarded their taxable costs in the sum of \$142.54 to be taxed including the



reporter's fees charged for taking the testimony in open court and in the depositions and the cost of transcribing the original copy thereof, and that the Defendants have execution thereof against the Plaintiff.

Signed

A. SCHAPP,  
ADELBERT SCHAPP,  
Attorney for Appellant,  
Masick C. Magarian,  
510 Hobart Building,  
San Francisco, California.

[Endorsed]: Filed Mar. 27, 1941. [26]

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The premium on this bond is \$10.00 per annum.

[Title of District Court and Cause.]

#### UNDERTAKING FOR COSTS ON APPEAL

Whereas, Masick C. Magarian, has appealed or is about to appeal to the United States Circuit Court of Appeals for the Ninth Circuit from a certain judgment rendered against said Masick C. Magarian in said action in the above entitled court and in favor of Detroit Products Company, a copartnership, composed of Floyd E. Wallace and Percy J. Elwell, and entered herein on March 13, 1941.

Now, Therefore, in consideration of the premises and of such appeal, the undersigned Maryland Casualty Company, a corporation organized and existing under the laws of the State of Maryland and duly authorized to transact a general surety busi-

ness in the State of California, does hereby undertake and promise on the part of Masick C. Magarian, the Appellant, that said Appellant will pay all damages and costs which may be awarded against him on the appeal, or on a dismissal thereof, not exceeding Two Hundred Fifty Dollars (\$250.00), to which amount it acknowledges itself bound.

It is further stipulated as a part of the foregoing bond that in case of the breach of any condition thereof, the above named District Court, may upon ten (10) days notice to the surety above named, proceed summarily in said proceedings to ascertain the amount which said surety is bound to pay on account of such breach, and render judgment therefor against said surety and award execution therefor, not exceeding, however, the said sum of Two Hundred Fifty Dollars (\$250.00).

In Witness Whereof, the said surety has caused these presents to be executed and its official seal attached by its [27] duly authorized Attorney-in-fact at San Francisco, California, the 27th day of March, 1941.

[Seal]

MARYLAND CASUALTY  
COMPANY,

By DONALD MOLLBERG,

Attorney-in-fact.

State of California,

City and County of San Francisco—ss.

On this 27th day of March in the year one thousand nine hundred and forty-one before me, Emily

K. McCorry, a Notary Public in and for the City and County of San Francisco, personally appeared Donald Mollberg, known to me to be the Attorney-in-fact of the Maryland Casualty Company, the corporation described in and that executed the within instrument, and also known to me to be the person who executed it on behalf of the corporation therein named, and he acknowledged to me that such corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my Official Seal at my Office in the City and County of San Francisco the day and year in this Certificate first above written.

EMILY K. McCORRY,

Notary Public in and for the City and County of San Francisco, State of California.

My commission expires December 30, 1942.

[Endorsed]: Filed Mar. 27, 1941. [28]

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[Title of District Court and Cause.]

### STATEMENT OF POINTS [29]

Now Comes the Plaintiff and Appellant in the above-entitled action, and files herewith his statement of the points on which he intends to rely on the appeal, as follows:

That the Court erred:

1. In not holding Claims 1, 3 and 4 of the Plaintiff's Patent No. 2,153,635, valid and infringed by

the Defendants' signalling arms, Plaintiff's Exhibits D and E;

2. In not holding the Plaintiff's Design Patent No. D-109,148, valid and infringed by the Defendant's Signalling Arms, Plaintiff's Exhibits D and E;

3. In holding that "signal arms having two identical elongated plates having registering marginal flanges and spaced body portions with registering openings therein", were disclosed in Plaintiff's Exhibit A and in the Elliot Patent;

4. In holding that it was not new at the time of the Plaintiff's alleged invention to manufacture signal arms "with lenses having flanges bearing upon the inner margins of the openings and having body portions projecting through the openings in the plates", on the ground of such feature being illustrated in Plaintiff's Exhibit A;

5. In holding that it was not new at the time of the Plaintiff's alleged invention to manufacture "signal arms with separators between the lenses or to secure the flanges of the plates together to cause the plates to clamp the lenses upon the separator", on the ground of this feature being shown to be old in Plaintiff's Exhibit A; [30]

6. In holding that it was not new at the time of the Plaintiff's alleged invention to have the lenses of signal arms having "shaped inner faces to produce desired reflecting effects, or to have the separator preventing play between the lenses and plates", on the ground of such shaped lenses being

illustrated in Plaintiff's Exhibit A and the utilization of the separator to prevent play being illustrated in Plaintiff's Exhibit A.

7. In holding that it was not new at the time of the alleged invention of Plaintiff's Design letters patent to have "a signal arm composed of identical elongated plates having raised center portions and marginal flanges with reflectors mounted in a row along the length of the raised center portions", on the ground of these being shown to be old in Defendants' Exhibit D;

8. In holding that it was not new at the time of the alleged invention of Plaintiff's Design letter patent to use "elongated lenses or reflectors on signal arms" on the ground of such being shown to be old in the Costenbader Patent.

9. In holding that the use of a plurality of reflecting lenses in a row on the sides of a vehicle signal arm and the use of elongated lenses for this purpose at the time of the Plaintiff's alleged inventions was a mere matter of selection or option not amounting to invention, but instead mere mechanical skill;

10. In holding that the use of a single separator between the lenses arranged in rows in opposite sides of the signal arm, and the making of this separator so as to be co-extensive with the lens-receiving space provided by the plates of the signal arm at the time of the Plaintiff's alleged invention did not amount to invention but to mere mechanical skill. [31]



11. In failing to recognize that each of the claims in issue defines a combination of different elements, and that such combination may be new and patentable, even though all the elements be proven to be old;

12. In failing to recognize that a design patent is to be judged by the overall esthetic effect and ornamental appearance of the patented device, and cannot be defeated by a mere showing of mechanical arrangements in the prior art;

13. In failing to make any finding with respect to Plaintiff's reduction to practice, and the number of Plaintiff's devices made under the patent, and distributed throughout the Western States before the Defendants began to manufacture the accused devices;

14. In failing to give any consideration to the commercial success of Plaintiff's signalling arm;

15. In failing to apply the rule that the adoption of the patented construction by a Defendant in preference to all the prior art, indicates invention;

16. In failing to apply the principle that the citation of a large multiplicity of references in itself is evidence of invention;

17. In according to the Defendants the status of a pioneer in the art, although signalling arms were patented a long time before the Defendants entered upon the manufacture of such arms, and although the State of California had passed a law with respect to signalling arms several years before that time; [32]

18. In not giving Plaintiff the status of a pioneer although he was the first one to introduce the use of a Stimsonite reflector lens into the signalling arm industry.

19. In not giving any weight to the maxim of the Law that a patent carries the presumption of validity.

20. In dismissing the Bill of Complaint herein with Judgment to the Defendants for their costs.

A SCHAPP,

Counsel for Plaintiff and  
Appellant.

Dated: April 9th, 1941.

Receipt of a copy of the above Statement of Points is hereby admitted this 11th day of April, 1941.

NAYLOR,

Counsel for Defendants and  
Appellees.

[Endorsed]: Filed April 15, 1941. [33]

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[Title of District Court and Cause.]

### ORDER

Good Cause appearing therefor, it is hereby Ordered that the originals of the Depositions on file herein and of the Reporter's Transcript and all original exhibits introduced at the Trial of this

Cause, be forwarded to the Circuit Court of Appeals of the Ninth Circuit.

A. F. ST. SURE

United States District Judge

Dated: April 16, 1941.

[Endorsed: Filed Apr. 16, 1941. [34]]

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District Court of the United States  
Northern District of California

CERTIFICATE OF CLERK TO TRANSCRIPT  
OF RECORD ON APPEAL

I, Walter B. Maling, Clerk of the District Court of the United States, for the Northern District of California, do hereby certify that the foregoing 37 pages, numbered from 1 to 37, inclusive, contain a full, true, and correct transcript of the records and proceedings in the Case of Masick C. Magarian vs. Detroit Products Company, etc., et al., No. 21306-S, as the same now remain on file and of record in my office.

I further certify that the cost of preparing and certifying the foregoing transcript of record on appeal is the sum of Six and 35/100 Dollars (\$6.35) and that the said amount has been paid to me by the Attorney for the appellant herein.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said District Court at San



Francisco, California, this 25th day of April A. D.  
1941.

[Seal]

WALTER B. MALING,

Clerk.

C. C. EVENSEN.

Deputy Clerk. [38]

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[Title of District Court and Cause.]

TESTIMONY

Thursday, August 1, 1940

and

Friday, August 2, 1940

Counsel Appearing:

For Plaintiff:

Adelbert Schapp, Esq.

For Defendants:

Jas. M. Naylor, Esq.,

Fred H. Miller, of Counsel. [39]

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MASICK C. MAGARIAN,

Called as a witness on his own behalf, after being  
first duly sworn, testified as follows:

Mr. Schapp: Q. Will you give your name in  
full? A. Masick C. Magarian.

Q. And your age?

A. Forty-two in October.

Q. Where do you live?

[Testimony of Masick Magarian.]

A. I live in Fresno, California.

Q. What is your occupation?

A. Manufacturing metal products, signal arms, and other metal products.

Q. Do you do business there under your own name?

A. It is under Industrial Scientific Company.

Q. And where is your business located?

A. In Fresno, California.

Q. When did you commence doing business in that location?

A. I started business about in April or May, 1935.

Q. Will you give the Court a general explanation of the nature of the business—as to what you are doing?

A. Well, our main line is the manufacturing of signalling arms, and in addition to that, we are manufacturing parts for other companies. We make tools, and dies for other concerns, and also manufacture the parts for them.

Q. How big a part of your general business is taken up by the manufacture and sale of the signal arm?

A. I would say a larger portion is confined to the signalling arm business.

The Court: More than half?

A. Yes, sir, more than eight-tenths, or three-fourths.

Q. Will you please tell the Court, just how far

[Testimony of Masick Magarian.]

your business extends, as far as the market is concerned?

A. The territory, we cover, is practically the eleven Western States. However, we have made sales in Canada. We have approval there. We have a few agents in the east, Minneapolis and we have an agent in [42] Honolulu, but most of the sales are made in the eleven Western States.

Q. Do you know Mr. Lynn? A. Yes, sir.

Q. Who is Mr. Lynn?

A. Mr. Lynn is my representative in the signal arms.

Q. Where is he located?

A. He is located in San Francisco at 2048 Market Street.

Q. Is he your local representative or does he represent you in the entire sale of your entire output?

A. He represents me on the entire output, principally in the Western states. However, he gets his commission on the extended territories, like Canada, and some of the eastern parts.

Q. Whereabouts is Mr. Lynn located in San Francisco? What is his address?

A. 2048 Market Street.

Q. Do you know the defendants personally?

A. I have met them once or twice.

Q. Do you know Mr. Wallace?

A. I have met him once or twice.

Q. Do you know Mr. Elwell?

A. Well, I have seen him but I never talked to him.

**[Testimony of Masick Magarian.]**

Q. Do you know anything about the defendants' business?

A. Oh, I must. He is in the arm signalling manufacturing business. He makes other boosters, something of that sort that I don't know anything about.

Q. Are the defendants your competitors in the market?           A. Yes, sir.

Q. Do the defendants occupy territory, somewhat similar to yours?           A. Practically so.

Q. Are the defendants selling signalling arms?

A. Yes, sir.

Q. Where do the defendants have their place of business?

A. In El Segundo. I understand they have a place here in San Francisco, that is a warehouse.

[43]

Q. Do you know Mr. Mitchell? T. A. Mitchell?

A. No, I don't know him.

Mr. Schapp: At this time, your Honor, I wish to offer in evidence the two patents, United States Patent 2,153,634, issued to Masick C. Magarian on the 11th of April, 1939.

(The patent was marked Plaintiff's Exhibit H, in evidence.)

Mr. Schapp: I also wish to offer in evidence Design Patent No. 109148, to Masick C. Magarian on the signalling arm issued the 5th day of April, 1938.

(The patent was marked Plaintiff's Exhibit I, in evidence.)

[Testimony of Masick Magarian.]

Q. You are still the owner of these two patents, Mr. Magarian? A. Yes, sir.

Q. You are the inventor of the signal arm protected in those two patents? A. Yes, sir.

Q. Will you please relate to the Court, the history of the development of your invention?

A. Well, the arm has taken a development coming over a period of two or three years. The first arm was made with a large lens of about three inches in diameter with a head, and then along with that was two small Stimsonite reflectors, placed on a narrow part of the arm, and made in a number of pieces.

Q. Is this the arm you first put on the market, when you started manufacturing? A. Yes, sir.

Q. The witness is referring to Plaintiff's Exhibit A. This arm has been introduced as part of the Answers to Interrogatories.

The Court: How is that described in the Interrogatories?

Mr. Schapp: As Exhibit A, as the first arm manufactured by the plaintiff. This arm is assumed to be used over two years prior to the filing date of the patent applications.

Q. Now, Mr. Magarian, when did you begin developing the patented arm, when did you first start working on it?

A. I first started [44] working on it in the early part of 1934.

Q. The early part of 1934?

[Testimony of Masick Magarian.]

A. Yes, sir.

Q. That is, right before you began doing business in selling signalling arms?

A. That's right.

Q. What was the first step you took in that connection?

A. I inquired about various types of lenses. I sent out blue print sketches showing the types I would like to have for use, and in that connection, I remember my first lens was a rectangular oblong lens that I sent to "Guide" for information.

Q. Mr. Magarian, I will show you a blue print here, marked Plaintiff's Exhibit 2, and I will ask you whether you have seen that print before?

A. Yes, sir, I have. I made this print personally, after I made the tracing of this blue print—after I made the original drawing.

Q. Do you know what became of the original drawing?

A. The original drawing is not in our hands, now. We don't know where it is. It is made on tracing paper, which is more or less fragile, and we didn't keep them for any length of time.

Q. Do you remember when you made that drawing?

A. This drawing was made in April, 1934, about the 25th.

Q. April 25th?

A. As indicated on the blue print here. (indicating)



[Testimony of Masick Magarian.]

Q. You will note on the blue print a term used “Stimsonite prisms” will you explain to His Honor, what you mean by “Stimsonite prisms”?

A. Stimsonite prisms are the small pyramids placed in the inner side of the reflector and act as a reflecting surface. The most important character of the prisms are, that at various angles a source of light is practically reflected back to the original source. In other words, if you place a mirror, a flat mirror, if you rotate that, you will not get the reflecting light back. However, the important property of this lens is the light is re- [45] flected back to the source, regardless of the angle of incidence.

Q. What did you do with that sketch, after you made it, Mr. Magarian?

A. I sent the blue print to the Guide Lamp Division for a quotation.

Q. Did you receive a reply from them—who did you send it to?

A. The Guide Lamp Company. It was a Stimson Reflector Division at that time.

Q. Did you get a reply?           A. Yes, sir.

Q. I will show you an original letter from Stimson Reflector Division and ask you if that is the reply you received?

A. Yes, sir, this the letter I received from the Stimson Reflector Company.

Mr. Miller: May we see the blue print, and letter you are referring to.

**[Testimony of Masick Magarian.]**

Q. Will you please read into the record the first sentence of the third paragraph of the letter.

A. (Reading.)

“In regard to your print #2 of the rectangular piece, we have experienced some difficulty with our glass source relative to furnishing a part as of your drawing. In taking this matter up with the factory, they have advised us that the glass, as of your drawing, would not have sufficient width for practical molding, and even if they were able to mold a glass 1" wide, the effective Stimsonite width would only be about  $\frac{3}{4}$ ". Due to this condition they have furnished us with a rough sketch and we in turn have had the Engineering Department make up a drawing as of their sketch, which we submit herewith for your inspection.”

Q. What next did you do in connection with the development of your invention, Mr. Magarian?

A. Well, that particular lens wasn't used, of course, and we had on the market the first type, we have talked about. We continued with that, and in the meantime, I made other drawings with the idea of someday, developing the patented arm that we have on the market at the present time. We made oval shaped lenses, and inquired about prices on molds and the cost of individual parts.

Q. In connection with your further development of your invention, [46] did you have any further correspondence with the Stimson Reflector Division



[Testimony of Masick Magarian.]

or the Guide Lamp Corporation? As I understand it, your Honor, one is the continuation of the other. The Guide Lamp Company is the continuation of the Reflector Division.

The Witness: That is right.

Q. Did you have any further correspondence with the Guide Lamp Corporation?

A. Yes, sir.

Q. I will show you a copy of the letter here, and ask you whether you have seen that before?

A. This is the letter we sent to Guide Lamp Corporation, in Indiana, in connection with the new blue print or new design, that we developed at a later date.

Q. Now, I will ask you, Mr. Magarian, to read into the record the last paragraph of the first page of that letter.

A. (Reading)

“We are enclosing herewith a blue print of a new Stimsonite reflector which we believe will solve the difficulty we are having with the small lenses. We wish to have a quotation on this particular lense and also cost of mold. This lense has been designed to fit a particular size arm on our signal. Kindly submit these prices immediately by airmail so that we may be in a position to make the change without delay.”

Q. Did you write that letter?

A. Yes, sir.

[Testimony of Masick Magarian.]

Q. Did you mail this letter to the Guide Lamp Corporation?      A. Yes.

Q. When you mailed the letter did you include a sketch of the blue print referred to in the paragraph you just read into the record?

A. I don't know just where the blue print is on that. You mean the blue print——

Q. (Interrupting) Did you include that blue print in the letter?

A. Yes sir, there was a blue print in the letter. It showed an oval lens, similar to what we have on the arm. The only difference, was, as I remember it, the length wasn't exactly the same length. It was three inches instead of  $3\frac{1}{4}$  inches.

Q. Is that blue print available, do you have it?

A. I don't think we have it. I don't know where it is. [47]

Q. Did you receive any response from the Guide Lamp Company?

A. I did receive a reply to that letter. I think we received a modified blue print of the lens.

Q. I will show you a letter here and ask you to identify the same.

A. Yes, sir, this is the letter, we received from the Guide Lamp Company in reply to my letter, I just read.

Q. Will you please read the date of that letter?

A. The date of the letter is December 30, 1935.

Q. Will you read the first paragraph into the record, please?

[Testimony of Masick Magarian.]

A. (Reading)

“This will confirm our wire to you of today’s date relative to quotation on your #1A lens, our E-3559.”

Q. Do you know what that “1A” lens refers to?

A. That is the arbitrary number assigned to a blue print I am referring to in my letter.

Q. What does E-3559 refer to?

A. That is the number Guide Lamp Company assigned to that particular drawing or blue print.

Q. Now, I wish to show you a sketch or blue print, and ask you to identify this blue print.

A. This is the blue print I received from Guide Lamp Corporation. It is a blue print, they referred to in their letter numbered E-3559.

Q. Does the drawing in that blue print coincide with the drawing you submitted to the Guide Lamp Corporation, known as A1?

A. It is exactly the same, the outside dimensions are the same. They made some changes in the dimensions of the glass which, as I understand it, would be of a more practical mode, would have more practical properties in the construction of the glass.

Q. Mr. Magarian, did you say that this blue print, E-3559, is the same as the one you submitted?

A. Yes sir, well with the modified minor changes, I spoke of. It has the outside dimensions and the step on the outside edges. [48]

[Testimony of Masick Magarian.]

The Court: In regard to the glass, the thickness of the glass, that is all.

Q. What were the further developments of the invention?

A. The further development of the invention was, I made that lens slightly longer; instead of three inches, I made it  $3\frac{1}{4}$  inches. I had a mold made from which the present lenses were made. It is the same shape only a quarter of an inch longer. I think it was an eighth of an inch wider, as I remember it.

Q. When did you reduce your invention to practice and when did you have the first completed signalling arm?

A. I had the first arm in about May 1936; that is, the arm that I disclosed to others. At that time it was one submitted on a government bid. The end was exactly the same, as this, but the back part, that is the pivoted part was slightly different.

Q. I will show you a signalling arm here, it doesn't seem to be marked by any manufacturer, and ask you whether you can identify this arm.

A. Yes sir, this is the first time I used the molded lens in a shaped arm as shown here. This was submitted on a government bid, and from this point (indicating) we modified this part here (indicating) and developed it into that. Of course, this was a special arm, developed for the government, in which they specified a certain length. It

[Testimony of Masick Magarian.]

was the first time we introduced the lens in the arm.

Q. When did you submit that arm to the government?

A. It was around March of 1936, I don't remember the exact date. That arm was made according to government specifications. They specified that the head here be a certain length. They had a long arm folded up out of one set, like that, (indicating) There were small buttons placed on the arm, small reflector buttons, about one-half inch in diameter. We had this new lens developed, and we submitted [49] according to their specification. It wasn't used however.

Q. I wish to offer this arm in evidence, and ask that the same be marked Plaintiff's Exhibit J.

(The arm was marked Plaintiff's Exhibit J in evidence.)

Q. When did you produce an arm exactly like the patented arm?

A. I made the dies during 1936, that is until August. I was ready to put it on the market in August, 1936, the arm I have now, as you see it, was placed on the market.

The Court: It was placed on the market in August, 1936?      A. Yes, sir.

The Court: That was because it was made at that time?      A. That's right.

The Court: Is that arm in evidence?

[Testimony of Masick Magarian.]

Q. That arm is in evidence as—not this particular one, I will refer to this one here.

The Court: What is it marked?

Q. I call your attention to the signalling arm marked Plaintiff's Exhibit C. Is that the arm you placed on the market in August, 1936?

A. That is the arm we placed on the market in 1936.

The Court: That is the arm described in your patent?

A. Yes, sir.

The Court: You mean the utility patent?

A. Yes sir.

Mr. Schapp: Both patents are based on the same structure. Will it be necessary to introduce it or is it considered in evidence?

The Court: It may be considered in evidence. You have marked it already and there is no objection to receiving it now.

Q. Mr. Magarian, in looking at the plate on this arm, I find some—six more patent numbers, I will ask you whether you know what those patents cover?

A. The patents on the name plate here, refer to the patents on the lenses. [50]

The Court: All of them?

A. All of them.

Q. Will you please explain why you put those numbers on there?

A. All lenses we buy have the numbers molded on the inside edge, and in the construction of the arm, these numbers were hidden. That was the



[Testimony of Masick Magarian.]

only practical place I could put it in order to see the numbers.

Q. Do you know who controlls those patents?

A. I think Mr. Stimson owns the patents. They licensed them out to various corporations. The Guide Lamp Company which is a subsidiary of General Motors.

Q. It is your understanding that these patents are controlled or at least licensed out to the Guide Lamp Corporation?      A. Yes sir.

Q. The Guide Lamp Corporation has the right to place those patent numbers on the lenses?

A. Yes sir.

Q. Is it your opinion that the Guide Lamp Corporation know about the patent numbers on the signal?      A. Yes sir.

Q. Did you ever submit a signal arm of this type with the patent numbers on it, to the Guide Lamp Company?      A. Yes sir.

Q. Did you ever inquire of them whether they had any objection to your placing the numbers on the signal arm?      A. Yes sir.

Q. Did you receive any reply from them?

A. Yes sir.

Q. What did they say?

A. Well, they said they didn't object to it, as long as it was applied in the manner shown in the sample that I submitted.

Q. You were under the impression, all of the time, that you merely put those numbers on them for the protection of the Guide Lamp Corporation?



[Testimony of Masick Magarian.]

A. Yes sir.

Q. Mr. Magarian, I now show you a letter from the Guide Lamp Division, addressed to Industrial Scientific Company, and ask you to identify the same.

A. This is the letter we received from the Guide Lamp Division dated October 1st, 1937. [51]

Q. Will you please read into the record the second paragraph of the letter?

A. (Reading)

“Incidentally we would be interested in having you ship one of these signals, and it will be perfectly in order for you to bill us for same. Kindly arrange to mark this shipment to my attention.”

Q. In reply to that letter did you ship a single one of your arms to Guide Lamp Company?

A. Yes sir.

Q. Did you receive a reply from the Guide Lamp Division acknowledging receipt?

A. They acknowledged receipt of the arm.

Q. I will show you a letter from the Guide Lamp Division addressed to you, dated October 18, 1937, did you receive that letter?

A. Yes sir.

Q. Will you please read the first paragraph of that letter into the record. A. (Reading)

“We wish to acknowledge and thank you for your letter of the 15th, also the signal arm recently mailed to my attention.”

[Testimony of Masick Magarian.]

Q. Did you have any further correspondence on the matter, with the Guide Lamp Corporation?

A. Yes, I think we did. We received other letters, I believe.

Q. Did you direct enquiry to the Guide Lamp Company asking them, if they had any objection to your putting the numbers on the signalling arm?

A. Yes, I have.

Q. Is this a reply to a letter you received from the Guide Lamp Corporation?

Mr. Naylor: What is the date of that letter?

A. This letter is dated February, 1940.

Mr. Naylor: What date in February?

A. The 28th of February.

Q. Will you please read the second paragraph of that letter into the record? A. (Reading)

“We have no objections to your including these numbers on your device, assuming that you will incorporate them in the same manner that you have on previous printed matter.”

Q. Now, at this time, I wish to offer in evidence the blue print marked “No. 2” and I will ask that the same be identified as [52] Plaintiff’s Exhibit K.

(Blue print marked Plaintiff’s Exhibit K in evidence.)

Mr. Naylor: Was that the blue print received from the Guide Lamp Corporation?

Q. That is the original blue print. I offer in evidence a letter from the Stimson Reflector Divi-

[Testimony of Masick Magarian.]

sion to Industrial Scientific Company, and ask that the same be——

The Court: What date?

Mr. Schapp: It is undated, if your honor please. The date was admitted from the letter. It refers to this blue print dated——

The Court: I would like to inquire as to the pertinency of these letters.

Mr. Schapp: To merely establish the receipt of the blue print and the fact that the blue print was seen by somebody else.

Mr. Naylor: We object to it on the ground of lack of foundation. We don't know whether it refers to this blue print.

The Court: What information can you give us about this?

The Witness: May I see the blue print? It refers "in regard to your print #2 of the rectangular piece, we have experienced some difficulty with our glass source relative to furnishing"——

The Court: The question is, when was that letter received by you?

The Witness: There is no date on this letter that I see.

The Court: When was this print—the original blue print, Exhibit K, made?

The Witness: I think that date is on there, April 25, 1934.

The Court: When was it sent by you to the Lens Company?

[Testimony of Masick Magarian.]

The Witness: I have a letter of that. May I refer to it?

The Court: When did you send this blue print to the Guide Lamp Company? [53]

The Witness: I don't know if I have a letter or not.

The Court: You can refresh his memory, if there is a letter here, counsel. What is your best recollection as to when you sent the original blue print to the Lens Company?

The Witness: The date of the blue print is marked April 25, 1934, and it seems to me I did make the blue print and send it approximately the same date.

Q. Is it your best recollection that you sent it immediately after you made the blue print or not?

A. Yes, I did send a letter relative to this blue print and the reply is this letter which is not dated. Incidentally this is the only rectangular lens that I have. They refer to it as print #2 of your rectangular piece.

The Court: That is the only rectangular piece you ever made a drawing of, is that right?

A. That is right.

The Court: You think you sent it to the lens company about the time it was made?

A. That's right.

The Court: Do you know how long after, you received a reply from them?

[Testimony of Masick Magarian.]

A. I don't remember, no.

The Court: Well, was it a short time or a long time?

A. It was perhaps a week or so.

The Court: Will you offer that in evidence, is there any objection to it?

Mr. Miller: No objection.

The Court: It may be admitted.

(The letter was marked Plaintiff's Exhibit L in evidence.)

Q. I also wish to offer in evidence the copy of the letter dated December 22, 1935, and ask that the same be marked Plaintiff's Exhibit M.

(The letter was marked Plaintiff's Exhibit M in evidence.)

Q. I also wish to offer in evidence a letter from the Guide Lamp [54] Company to Industrial Scientific Company dated December 30, 1935 and ask that the same be marked Plaintiff's Exhibit N.

(The letter was marked Plaintiff's Exhibit N in evidence.)

Q. I also wish to offer in evidence the blue print E-3559, dated December 26, 1935, and ask that the same be marked Plaintiff's Exhibit O.

(Blue print marked Plaintiff's Exhibit O in evidence.) [55]

Q. Now, Mr. Magarian, in your business, do you keep regular books of account?

A. Yes, sir.

[Testimony of Masiek Magarian.]

Q. It is customary in your business to keep books of account?      A. Yes sir.

Q. Who makes the entries in those books?

A. Mrs. Magarian, and now at the present time, I have another helper.

Q. Are those entries made by someone that is familiar with the transactions when they are made?

A. Yes sir.

Q. Are you familiar with the books?

A. In a general way.

Q. Prior to this trial, did you go over the books, or have an assistant go over the books, with the object of ascertaining the monthly business transacted in connection with this signalling arm?

A. Yes sir.

Q. Have you made a summary of the contents of your books?      A. Yes, we have.

Q. To refresh your recollection, I will show you a list of figures and will ask you to identify those?

A. Yes, these are the monthly sales of signals made from the time we started in the signalling [56] business.

Q. Will you please read into the record the totals for the years 1935 to 1940?

A. The total for 1935—that particular year we have four months from the time I started the business, for September, October, November and December, the total reads 2873 signals. That is 1935. The total for 1936 shows 14039; for 1937, 18832; for 1938, 23478; for 1939, 20724 and 1940



[Testimony of Masick Magarian.]

from January to June inclusive, the total is 7656.

Q. What do those totals refer to, amount of business transacted or signalling arms sold, or what?

A. These figures refer to the number of signalling arms sold.

Q. By you? A. By me, yes.

Q. Now, Mr. Magarian, I will ask you to point out—what do you consider the principal advantages of your signal arm as shown in the two patents, over the signalling arms that belong to the prior art or over signalling arms you manufactured before?

A. Well, it has at least three desirable advantages that I can see. In the first place, it's appearance, stream lined appearance, smooth appearance. In the second place, its service as a reflective arm and signalling device on account of its large reflective area, and in the third place, the advantages we have in manufacture and construction, making the design and it is easily assembled.

Q. Now, Mr. Magarian, just prior to your introduction of the patented arm, as I understand it, you manufactured this arm, Plaintiff's Exhibit A?

A. Yes sir.

Q. Mr. Magarian, will you be kind enough to show to the Court just how these two different arms are assembled and point out, to his Honor, what the advantages of your new arm over the old arm are, and where they come in? Will you demonstrate to his Honor how those parts are manufactured? [57]



[Testimony of Masick Magarian.]

A. (Witness assembles signalling arm) Now, as I understand it you want the old type first, is that right? In the old type, you have the parts that you see here; the narrow punching which carries the two little lenses, these are placed on racks of this kind, as you see here, in the assembling and then I will put them all down, two or three will be sufficient. Then these small lenses are placed in the cavities here. Then we have a small piece of cork cut, we place on the lenses. Then we place the amber colored lenses on top and so on. Then after that we place the other half on top and then we rivet the two metal parts together, by putting a rivet right through these little holes and that clamps. We do the same thing to the arrow part, which is a punching, place the glass there, around cork, the lenses again and that is assembled and riveted also. After that is done, we put this on here, shove it here, go through another operation of rivetting the arrow, and that is the general idea of the old type. Of course, I am not showing you the assembly of the rest of this, which is——

Q. We are not interested in that at the present time.

A. Now, in the new arm, the construction is different. It has just two pieces to work with. In this particular design, we use the identical trays, here, we place these arms here, just make this like that. Then we drop the lenses in these cavities—pockets. Then we had a gasket, which is made of

[Testimony of Masick Magarian.]

one piece, extending through the length of the arm, where, the lenses are located. Then we place the lenses on top. In connection with the placing of the lenses on top, we are able now to use a rack, that we have, because the arm is such that you can place these lenses in position, here, by referring to these arms, which save these all in place, here. Then we put this on, and then we go around and put these lenses against these guides. Then we take the frame off and use the other half on top. Then we take [58] these and put it on a rivetting machine that clamps the lenses together.

Q. Now Mr. Magarian, I will show you an arm of the Detroit Products Company, marked Plaintiff's Exhibit E, which was admittedly sold by Detroit Products Company, and will ask you when was that arm first brought to your attention?

A. Well, this was—we first noticed this when it came out. I suppose it was a month or so, after it was on the market, in 1938, I think it was.

Q. The defendants say, in response to interrogatories, that they introduced this arm, sometime in January of 1938, would that approximately correspond to your ideas?

A. Well, it was the early part of 1938.

Q. The early part of 1938?

A. I don't know the exact time they started it.

Q. Did you see that signalling arm on any trucks?

[Testimony of Masick Magarian.]

A. Yes, I have seen it on a lot of trucks.

Q. Did you have that signalling arm, yourself, in your possession, at any time? A. Yes sir.

Q. How did you secure that signalling arm?

A. I think we bought one in the wrecking house in Fresno.

Q. Do you remember when you bought it?

A. That was a little while after he started putting it on the market.

Q. I will also show you the defendant's signalling arm marked Plaintiff's Exhibit D and will ask you if you have seen this one on the market before? A. Yes, I have seen that too.

Q. Now, I wish to ask counsel, if counsel will stipulate that the inside construction involves that washer—it has a common separator—it has a separator in it?

Mr. Naylor: It just has a separator.

Mr. Schapp: It has substantially the same separator as in [59] the plaintiff's device.

Mr. Naylor: It just has a separator.

Mr. Schapp: One common separator extending over all three windows?

Mr. Naylor: I wouldn't say for sure, it could one or two.

The Court: You know what it is?

Mr. Naylor: I am not sure if that is one or two. I wouldn't know without opening that particular one.

[Testimony of Masick Magarian.]

Mr. Schapp: That common separator, that is quite an important feature in this invention.

The Court: You haven't got the tools to open that. Will you bring them this afternoon?

Mr. Naylor: We will stipulate that some we make, would have a single separator. We have made some, I believe, that may have been made in two pieces but we do make arms with a single separator.

Q. Yes. When was this arm first brought to your attention, Plaintiff's Exhibit D?

A. It was in the middle part of 1938.

Q. The middle part of 1938?

A. The latter part, I would say, in about the summer of 1938, I think it was.

Q. Do you remember where you happened to see it first?

A. The first time I saw it, it was hanging on trucks.

Q. If your honor please, it is admitted that the defendants began selling this arm in June 1938, according to the answers to interrogatories. Mr. Magarian, after you saw the first signalling arm of defendants, Plaintiff's Exhibit E, on the market, did you do anything about it?

A. Is that the—are you referring to the first type, with three lenses.

The Court: Yes.

A. Yes, I felt the arm was a copy of my arm, on which I had received a design patent so I saw

[Testimony of Masick Magarian.]

my attorney in Fresno, and asked him to write a letter in that connection. [60]

Q. Who was your attorney in Fresno?

A. Frank Willy.

Q. Is this a copy of a letter your attorney wrote to Detroit Products Company?

A. Yes.

Q. Will you please read that letter into the record?

The Court: Do you want to see it, counsel?

Mr. Naylor: I would like to see it.

Q. I may briefly explain it. It is giving notice of infringement. I will offer it evidence as Plaintiff's Exhibit S.

(Letter marked Plaintiff's Exhibit S in evidence.)

Q. I have another letter giving further information of infringement dated August 10, 1938. Is there any objection to offering it?

The Court: Do you wish to offer those as one exhibit. What are the dates?

Mr. Schapp: The first one is dated April 25, 1938 and the second one August 10, 1938.

The Court: How do you describe the letters?

Mr. Schapp: Notification of infringement.

The Court: They may be admitted as one exhibit.

(Thereafter a recess was taken until 2:30 p. m. August 1, 1940)

[Testimony of Masick Magarian.]

Afternoon Session

MASICK C. MAGARIAN

resumed the stand, on direct examination.

Direct examination

Mr. Schapp: Q. Mr. Magarian, when we closed this morning, we offered in evidence two letters regarding infringement, written Detroit Products Company, by your attorneys in Fresno. Did you receive any reply to any of those letters?

A. Yes sir.

Q. I will show you a letter here on the letter-head of Detroit Products Company, is that the reply you received?

A. Yes sir, this is the letter we received from Detroit Products Company.

Q. I will ask you to read this letter into the record Mr. Magarian? A. (Reading)

“We are informed you contend we are infringing upon certain design patent rights which you claim to hold for a [61] signalling device. Please be advised that we have changed the design of our Signal and are calling in all Signals in question.

This gesture on our part does not mean we acknowledge infringement on any patent rights which you claim to hold but is an act of co-operation with our dealers whom we have supplied for the last seven or eight years.”



[Testimony of Masick Magarian.]

The Court: What is the date of that?

A. The date of the letter is August 13, 1938.

Q. I will offer this letter in evidence and ask that the same be marked Plaintiff's Exhibit T.

(Letter marked Plaintiff's Exhibit T in evidence.)

Q. Mr. Magarian, I will ask you, what is your general experience in education along engineering lines?

A. Well, you mean what training I have had.

Q. Your education, in the first place, are you a graduate of any college?

A. I have a bachelor of science in the Massachusetts Institute of Technology. I hold a masters degree in physics from Stanford University. I have had three years teaching experience in the University of Hawaii, in physics and mathematics. I have also been connected with two firms in Chicago. I was development engineer for one, for a year and a half. Then I worked for another concern in Chicago for three and a half years, as development engineer in charge of the engineering and drafting department.

Q. How long has your experience been, in signal arms?

A. The experience I have had was since the time I started manufacturing. It was about since 1934——

Q. 1934?

A. —was the first time I started doing anything with signalling.



[Testimony of Masick Magarian.]

Q. Have you read the two patents, are you familiar with the terms in your own patents?

A. Yes, I am.

Q. Did you study and analyze the claims in your patents?

A. Yes, I have. [62]

Q. You feel you are qualified to explain the terms thereof, to the Court?

A. Yes sir.

Q. Now, I will read to you the elements found in the claim, and I will ask you to point on the two defendants signal arms, where you find those elements present, if you do? Referring first to this arm, Plaintiff's Exhibit E, and then to this arm Plaintiff's Exhibit D, and take them up as I call them out, on each one, each of the elements in the claims.

A. You want me to refer to both, at the same time.

Mr. Naylor: If the court please, I think it might make a clearer record if the witness dealt with each arm separately. We are dealing with patented claims here and we don't want any ambiguity on the record.

Mr. Schapp: Very well, we can take up, first, Plaintiff's Exhibit E—"In a lens mounting on a signal arm" What do you call a lens mounting?

A. The mounting refers to the metal edges, here, that hold the lens in place.

Q. "Two identical elongated plates"?

[Testimony of Masick Magarian.]

A. The elongated plates refer to the two metal portions, one on each side of the arm.

Q. "Having registering marginal flanges"—where do you find these flanges?

A. The flanges are the outside border edge, that is shown here on the arm, as I point out.

Q. "And spaced body portions"? What do spaced body portions refer to?

A. Spaced body portions refer to the pressed portion here, which is pressed upward on the metal part.

The Court: Is that mentioned in Claim 1?

Mr. Schapp: Yes your honor. "With registering openings therein."

A. The openings refer to the metal holes in the two halves. The registering means that they are exactly opposite each other.

Q. "Lenses having flanges bearing on the inner margin of the open- [63] ings"?

A. The flanges on the lenses, I haven't taken this one apart, but the one I took apart, had small flanges on the lenses, and the plates were pressing on the lenses.

Q. "Bearing on the inner margin of the openings" What does that have reference to?

A. Well that refers to the inside of this hole just adjacent to the lens.

Q. "Having a body portion projecting through the latter"

A. Yes, well that refers to the lens having a

[Testimony of Masick Magarian.]

slight convexity, that extrudes or goes a little higher than the surface of the metal.

Q. "A separator between the lenses"

A. A separator, of course I can't see it here but the ones I took apart, had a long cardboard separator which was extended covering the three lenses on the inside.

Q. "And means for securing the flanges of the plates together."

A. The means referred to, are the rivets that are used here, on the flanges.

Q. "Whereby the body portions of the plates are made to clamp the lenses on the separator"

A. The body portions again are the elevated portions of the metal part which presses on the flanges of the lenses, that presses the lenses together with a gasket in between.

Q. "The lenses having shaped inner faces"?

A. That refers to the irregular shape on the inside of the lenses.

Q. "To produce the desired reflecting effects".

A. That is the reflective property of this irregular surface on the back.

Q. What is the desired reflecting effect?

A. Well, the desired effect is to reflect light back to the source of the operator of the truck that is behind.

Q. "And the separator serving to prevent play between the lenses and the plates."

A. Well, that simply means, the separator acts

[Testimony of Masick Magarian.]

as a gasket so as to not allow any play between the lenses. [64]

Q. Do you have all those elements in that particular exhibit E you have in your hands, now?

A. Yes sir.

Q. Now referring to Claim 3—"In a direction indicator, a signal arm comprising a pair of elongated plates".

A. The plates are these two metal plates again.

Q. The Court: I understand that that device that the witness has in his hand was withdrawn?

Mr. Schapp: No, it wasn't withdrawn.

The Court: Haven't we a letter here of August 13, saying that the device had been changed?

Mr. Schapp: This device was changed to the other device, but this device was an infringing device and has been on the market.

The Court: All right, go ahead.

Q. "Arranged face to face" What does that have reference to? "In a direction indicator, a signal arm comprising a pair of elongated plates arranged face to face".

A. Just opposing each other, one on each side.

Q. "And having marginal flanges"

A. Marginal flanges again refers to the flat portions on the outer edges, here.

Q. "The body sections of the plates being offset".

A. The body portions refers to this curved or formed part which is a little higher than the flanges.

Q. "To define an elongated lens receiving space".

[Testimony of Masick Magarian.]

A. Well that refers to the chamber that this forms, the cavity if you want to call it *it* that, forms for the lenses to fall into.

Q. "Each of the body sections having an alined series of openings therein".

A. That refers to the holes again.

Q. "Registering with those of the other."

A. They stay directly opposite each other.

Q. "Lenses mounted in the opening of each body section".

A. The [65] lenses are placed in the openings.

Q. "And having flanges bearing on the inner faces thereof".

A. The flanges refer to the flanges on the lens.

Q. Do they bear on the inner edges of the plates?

A. Yes, they do bear on the inner edges of the plates, adjacent to the holes.

Q. "And a common separator for spacer opposing lenses".

A. The separator is the same separator. It is a common separator that extends throughout the arm.

Q. "The separator being coextensive with the lens receiving space".

A. That, as I say, extends throughout the three lenses, covers the three lenses.

Q. "To facilitate positioning of the same during assembly".

[Testimony of Masick Magarian.]

A. Well that refers to the cavity or this body portion here, gives in assembling.

Q. Now Claim 4: "In a direction indicator, a signal arm comprising a pair of elongated plates".

A. The same plates again, two arm plates.

Q. "Arranged face to face"

A. Arranged face to face, opposing each other.

Q. "Having marginal flanges."

A. Same flanges referred to the outside edges.

Q. "The body sections of the plates being offset".

A. That is the curved portion in the center part of the arm, which extends beyond.

Q. "To define an elongated lens receiving space". .

A. Well that still refers to the cavity, I have been talking about. It is formed by the form portions of this arm.

Q. "Each of the body sections having an alined series of openings".

A. The series of openings refer to the three openings here, oblong openings that aline themselves in one straight line. [66]

Q. "Registering with those of the other".

A. Well, to register with the opposite side.

Q. "Lenses mounted in the openings of each body section"

A. Lenses are the ones mounted in the holes.

Q. "And having flanges bearing on the inner faces thereof".



[Testimony of Masick Magarian.]

A. Flanges of the lenses are being pressed by the body portions of the metal arm.

Q. "And a common separator for spacing opposing lenses".

A. The separator is the same separator we have been talking about.

Q. "The separator being coextensive with the lens receiving space".

A. The separator extends and covers the three lenses.

Q. "To facilitate positioning of the same during assembly."

A. The cavity, here, forms a sort of a pocket for the lenses to drop in there, and also the gasket.

Q. "And the faces of the body section being parallel".

A. The faces referred to are the flat planes, this plane, this flat portion and the opposing side being parallel in extension.

Q. "So as to exert uniform pressure on the interposed lenses and the separator".

A. Well, this flat portion being flat, that applies uniform pressure to the flanges of the lenses on each side.

Q. Now, I hand you Plaintiff's Exhibit d, and ask you to point out to his Honor, where you find the different elements, as set forth in the claims? Claim 1: "In a lens mounting for a signal arm"

A. The mounting is the two plates holding the four lenses.



[Testimony of Masick Magarian.]

Q. "Two identical elongated plates".

A. The oblong plates, identical being the same in construction.

Q. "Having registering marginal flanges".

A. The flanges are the flat portion on the outside edges that register, coincide.

The Court: Isn't Exhibit D similar to Exhibit E except that Exhibit D has two of the reflecting elements and E has three. [67]

Mr. Schapp: That is the only difference, your honor.

The Court: Is it necessary to go into a detailed description of this exhibit?

Mr. Naylor: May I offer one suggestion, your Honor. There is one difference in addition to that which has been pointed out, by your Honor. The arm is clamped by the plates which form the signal arm. The clamps are external of the arm.

Mr. Schapp: That point is only of importance in connection with Claim 2 which has been dropped. A description of this exhibit would be quite similar to the description already given of the other exhibit which is here.

The Court: I don't think it is necessary.

Mr. Schapp: Very well, your Honor, unless counsel insists.

Mr. Naylor: We don't insist on it, your Honor.

Q. Mr. Magarian, I just want to ask you one more question. The defendant and you are competitors in the business of manufacturing and selling signalling arms, as I understand it?

[Testimony of Masick Magarian.]

A. Yes sir, we are.

Q. Are there any other competitors in the western area?

A. Not to amount to anything. There is one in Oakland, a small concern that makes some. I don't feel he is a competitor.

Q. As far as the bulk of the business of selling signalling arms is concerned, you and the defendant, are the principal manufacturers in the western area?      A. That is right.

Q. Do you know any other manufacturer in the west or anywhere else, that is attempting to infringe your patent and manufacturing a signalling arm similar to yours?      A. I do not.

Mr. Schapp: You may cross-examine. [68]

#### Cross Examination

Mr. Miller: Q. Mr. Magarian, I will hand you the plates, the reflectors and the separator, that form the outer end of the arm you were using this morning.

The Court: Identify it.

Mr. Miller: It hasn't been given an exhibit number yet.

Mr. Schapp: This is plaintiff's Exhibit A.

Mr. Miller: And that you have in your hand is a duplicate of the outer end of Plaintiff's Exhibit A?

A. Yes sir.

Q. You were selling arms having that outer end, like Plaintiff's Exhibit A, prior to November 16, 1935?

[Testimony of Masick Magarian.]

A. Yes, I started selling those in April or May of 1935.

Q. You recognize this (exhibiting list of witness) as a list of the concerns to whom you sold that type of arm, that you supplied as part of your interrogatory answers?

A. Yes, they seem to be the ones we sold.

Q. Those all relate to this same kind of arm, Plaintiff's Exhibit A, do they?           A. Yes.

Q. The purchases that are in that list, when you sold them the arms, similar to Plaintiff's Exhibit A, did you ask them to keep it secret that they had that arm or would they be permitted to put it on their trucks and use it whenever they wanted to?

A. Yes, there were no secrets about it.

Q. I offer the list as Defendant's Exhibit L. We have used up to K in our depositions.

(List marked Defendant's Exhibit L in evidence.)

The Court: That is the original list of purchasers of the first arm you made?

Mr. Miller: Like Exhibit A, the one I have Plaintiff's Exhibit A?           A. Yes sir. [69]

Q. Now, in that outer end of the arm, Plaintiff's Exhibit A, you likewise have a lens mounting for a signal arm, do you not?           A. Yes, sir.

Q. It comprises two identical elongated plates, doesn't it?           A. Yes, sir.

Q. Those plates having registering—

A. The term elongated there, is slightly questionable. I don't want to say, it is exactly elongated,

[Testimony of Masick Magarian.]

because it isn't. The term elongated don't apply to this, as well as the arm where you have a definite elongation. The word elongated may not exactly apply to this.

Q. In those plates you have in your hand, which are a duplicate of the outer end of Plaintiff's Exhibit A, are longer than they are wide, aren't they?

A. Yes, slightly longer.

Q. They have registering marginal flanges, don't they?      A. Yes.

Q. And spaced body portions?      A. Yes sir.

Q. With registering openings therein?

A. Yes sir.

Q. And you have lenses having flanges bearing on the inner margin of the openings?

A. Yes sir.

Q. In that outer end?      A. Yes sir.

Q. You have body portions of the lenses through the latter. That is, through the body portions of the plate?      A. Yes sir.

Q. Do you have a separator between the lenses in that outer end?      A. Yes sir.

Q. Do you have a means for securing the flanges of the plates together?      A. Yes sir.

Q. Whereby the body portions of the plates are made to clamp the lenses on the separator?

A. Yes sir.

Q. You have lenses having shaped inner faces to produce desired reflecting effects?

A. Yes sir.

[Testimony of Masick Magarian.]

Q. And the separator serving to prevent play between the lenses and the plates?

A. Yes sir. [70]

Q. Anything about this Claim 1 of your patent that is not readable on this type of device, and sold more than two years prior to the time you filed your patent application?

A. The only question I would raise would be the elongated arm, which I can't readily admit that this is an elongated arm, when we have a definite arm there, as shown in the patent, definitely elongated.

Q. Well, you associate those plates with another plate, when you make up the completed arm of Plaintiff's Exhibit A, that would make an elongated plate out of two pieces, isn't that it?

A. It is elongated when you have another piece, but that narrow portion, there, is not what the first claim has in there. It has no marginal flanges. It is not shaped like the other one. You are talking about two things. Now. I regarded your first question as talking about this particular head or end.

Q. The sole ingenuity of this claim, is the fact you make this plate a little bit longer than they are in the outer end of Plaintiff's Exhibit A, that I am holding in my hand?

A. Is that what you consider a little bit? Well, you are asking me a question and I have to answer it in accordance to your question. You say it is a little bit. I say it would be—

The Court: You may answer it, yes or no.

[Testimony of Masick Magarian.]

Q. And then explain your answer.

A. It is longer than—that is, the patented arm is longer in length.

Q. Now considering Claim 3 of your patent. You have in that outer end, Plaintiff's Exhibit A, a duplicate of which you have in your hand—in a direction indicator, a signal arm comprising a pair of elongated plates arranged face to face?

A. Yes sir, except reserving that elongated term.

Q. And having marginal flanges?

A. Yes sir.

Q. The body section of the plates being offset to define an elong- [71] ated lens receiving space?

A. Yes sir.

Q. Each of the body sections having an alined series of openings?

A. No, we don't have an alined series of openings in that old arm.

Q. You have only your large one?

A. We have a round lens which doesn't convey the idea of alinement. Where you have an elongated lens, the edges are parallel. You have parallel edges on the lenses, and the contour of the metal plate. The alined referred to the oblong lenses being in alinement. I can't see how you can refer to alinement on one round opening.

Q. What is the advantage of having an elongated lens?

A. The advantage of having an elongated lens is to have a maximum area of reflection without



[Testimony of Masick Magarian.]

increasing the width. In other words, in an oblong lens we try to cover as much of the metal portion as possible, from the practical standpoint.

Q. Is that the advantage over having a row, of say, three circular lenses like you have, here, in Plaintiff's Exhibit A?      A. Yes sir.

Q. You don't claim to be the originator of elongated lenses, do you?      A. No sir.

Q. That was old in the art, when you first acquired your lenses?      A. I don't know.

Q. Had you ever seen any elongated reflectors prior to the time you acquired them?

A. No, sir.

Q. Have you studied the prior patents cited against your application, while it was pending in the patent office?      A. No, I did not.

Q. In this outer end of Plaintiff's Exhibit A, a duplicate of which you have, you have lenses mounted in the openings, and having flanges bearing on the outer faces thereof, do you not?

A. Lenses. Well the term there is plural. Here we have one lens. We have one lens in it, whereas there, your claim words say "lenses" mounted in [72] the openings, whereas this is just one.

Q. You have one on each side, however, in that one?      A. Yes.

Q. Having flanges bearing on the inner faces thereof. Those lenses have those flanges?

A. Yes sir.

[Testimony of Masick Magarian.]

Q. A common separator for spacing the opposing lenses? A. Yes sir.

Q. The separator being coextensive with the lens receiving space to facilitate positioning the same during assembly?

A. No, it isn't coextensive. It doesn't facilitate the assembling, that we have in the other construction. That is, it isn't coextensive, it is a round gasket.

Q. Well, you have a round lens receiving space there in that exhibit, don't you?

A. That is true.

Q. The separator is coextensive with that round receiving space?

A. The term coextensive used there, refers to an extension of the three lenses on the entire arm.

Q. When the bare claim is taken into consideration, but in this particular case, you have a coextensive separator, coextensive with the size and shape of your lens receiving space in that outer end of Plaintiff's Exhibit A?

A. Well, if you want to limit it in that way, yes.

Q. You say you have read your patent application over; that is, the specification?

A. Yes sir.

Q. Do you find any disclosure in the specification of your patent, say, about the separator being coextensive?

A. You mean in the specification?

Q. Yes, any disclosure outside of Claim 3 and 4?

[Testimony of Masick Magarian.]

A. I have to go through the whole thing. It speaks of the separator but your question is whether it is coextensive?

Q. Whether there is any disclosure—

A. I don't see it not going through every line, but I don't see of any reference to being co- [73] extensive in the specification.

Q. I wish you would look through it rather carefully, and also note and see whether or not you have the word "common" mentioned in the specification, or any synonym of it, outside of what is in Claim 3 and 4?

A. No, I don't see any. It just refers to a separator.

Q. Then, as far as the original disclosure is concerned, the separator might be common or not common?

A. That is true. It is defined and it talks about it in the claim.

Q. You see the word "common" in the claim but you don't find any definition for it in the specification, isn't that correct?

A. In the first claim it says—

Q. I meant exclusive of the Claim, Mr. Magarian, don't consider the claim for the word common?

A. I don't quite understand.

Q. Disregarding the claims, leaving those out, consider for the time being, as far as disclosure in

[Testimony of Masick Magarian.]

the specification is concerned, the separator might be common or not common is that correct?

A. Do you have to refer to the body of the specification or also to the drawings? Of course, as I understand it the drawings are part of the specification and the patent, as far as the drawings on the patent goes, the elongated common separator is shown.

Q. Where?

A. It refers to it in Figure 4-23; it refers to a separator there in Figure 2. You have a separator shown by a dotted line extending over the—just beyond the lenses.

Q. What makes you think the dotted line refers to the separator and not to the inner wall of the lens receiving space?

A. The inner wall of the space is very much curved and I would take it, that that dotted line would refer to a definite boundary on the lens—I mean on the separator.

Q. Is the shape of the lens receiving space different from the shape of the separator?

A. In the shape, the general shape, they [74] are both the same. However the metal is pressed and it is curved. Where you can not come right in and say it is a definite line, there or a curved point. Here is the point (indicating) you can't say it is a definite line.

Q. You have done drafting? A. Yes sir.

Q. Haven't you been able to show the edge, or

[Testimony of Masick Magarian.]

the one extreme of an inside or a hollow cylinder by a dotted line?           A. Yes.

Q. Suppose you want to show the inside of, or the extreme of the inside of the concave surface in the right hand end of the separator, or just beyond that, as shown in Figure 4, how do you show that?

A. I think I could explain that if you would give me one of my samples of the pressed arm so I could talk definitely.

Court: You can do it on the black board.

A. I can show it definitely. I have never had any experience sitting up here in the witness stand. As I understand it, you are trying to show that that dotted line is not the separator, all I can say here is this. That this portion of the metal part—we have a flat surface. You can not show anything there in the form of a dotted line because there is nothing there to show on the drawing. You see a definitely dotted line in this portion. (indicating) That is referring to this gasket. You can't interpret that any other way. There is no argument about it.

Q. How do you know? You don't find a reference character on Figure 2 pointing to the separator, do you?

A. No, there is no number there, on that part.

Q. Is it impossible that this dotted line, you see in Figure 2, don't indicate the internal boundary of the lens receiving space?           A. Is isn't possible.

Q. Why not?



[Testimony of Masick Magarian.]

A. As I said, the dotted line is shown in this portion, where it is flat. It is impossible to show a dotted line [75] because there is no edge to show that dotted line.

Q. Now how many different types of separators—How many different types of signalling arms have you placed on the market, altogether?

A. Well, I've had a number of changes made. For example, when I first started making that, I had two small lenses. I was asked to put on another lens, making three little lenses, which is not shown there. It is a different arm. That would be one change. Then I changed those little lenses to another type of lenses, Catafote Manufactured lenses. That would be another type or modification or change on that patent design. Then I have changed some parts of the mechanism, minor changes, improvements and so on.

Q. Plaintiff's Exhibit A, this one here, was the very first one you put out on the market?

A. That is right.

Q. You say somebody asked you to increase the size or the number of the lenses?

A. The officials in Sacramento thought it would improve the arm, by adding another lens, where your left hand is, about in that position, so I made the four lenses, altogether, on each side.

Q. When did the officials in Sacramento advise you they thought it would be better, to have two large lenses and three small ones?



[Testimony of Masick Magarian.]

A. That was the time, when I was having that approved. They thought it would be better, from their approval standpoint, to have another lens, so I added on another lens.

Q. When was that?

A. That was done in 19—That was in 1934 around in August, while I was getting approval—August, 1934, when I obtained my approval on that arm.

Q. Was August, 1934, when the State Officials told you they thought it would be better to increase the number of reflectors? A. Yes.

Q. It was August, 1934, was it, that the State Officials told you that they thought it would be better to increase the number of re- [76] flectors?

A. August, 1934, is when I received my approval. The change was made. It must have been four weeks before that time they recommended that change.

Q. You recognize this arm, I now show you, as being one of the new arms that had the three small reflectors and one large one, you manufactured following that approval?

A. This is one type I have made, yes sir.

Q. And you made that from and after August, 1934?

A. This one was modified. It was after August, 1934.

Q. I will offer this arm in evidence as Defendant's Exhibit M.

(The arm was marked Defendant's Exhibit M in evidence.)

[Testimony of Masick Magarian.]

Q. Then you say you changed that, to the Catafote button. Do you recognize this arm as being one of your manufacture, that embodies the three catafote buttons in place of the prismatic reflectors?

A. Yes.

Q. You made that, when?

A. This was made in 1936, in the beginning part of the year, around in February.

Q. 1936?           A. 1936.

Q. I will offer this signal arm in evidence as Defendant's Exhibit N.

(The arm was marked Defendant's Exhibit N in evidence.)

Q. How do you describe that. What kind of buttons or reflectors?           A. Catafote.

Mr. Schapp: If your honor please, I wish to raise an objection, at this time, it has not been proven this arm wasn't sold two years prior to the date—

The Court: It may have. It isn't part of the prior art. Objection overruled.

Q. Referring to the exhibit, I show you the exhibit that had catafote buttons. How did you happen to substitute the catafote buttons [77] for the round reflectors with the prismatic backs, as shown in Plaintiff's Exhibit A?

A. The catafote button is more efficient, than the Stimsonite reflector of that dimension. The efficiency is much greater. The efficiency in reflecting back.

[Testimony of Masick Magarian.]

Q. Did the State Officials have anything to do, in making that change? Did they suggest that to you? A. Yes sir.

Q. When?

A. About the beginning part of 1936.

Q. And did they tell you, at that time, if you were going to use a Stimsonite reflector, it had to be pretty large, as compared with the size of the arm?

A. No, they never said anything to me, about increasing the size of the lenses or anything of that sort.

Q. Did they say the Western Catafote button was more efficient than the small circular button, that you see here in Exhibit A?

A. Yes sir, they said it was more efficient.

Q. But they told you that the large Stimsonite Reflector, as large as the one you had on Exhibit A was all right? A. That's right.

Q. But if you employed the small one, the Western Catafote was better? A. Yes sir.

Q. You knew, at that time, the State wanted the use of large reflectors on signalling arms before they would approve them?

A. No, sir, because the catafote button is one-half inch in diameter, whereas the buttons, here, are one inch on the outside.

Q. But if you were going to use a reflector of the Stimsonite type, that the State wanted them

[Testimony of Masick Magarian.]

large, as compared with the size of the signalling arm?

A. If they wanted it, they never mentioned it to me.

Q. In making up an arm of the type of Plaintiff's Exhibit A, and Defendant's Exhibit M, you made these parts of the arm by the use of die stamps or with dies? A. Yes sir.

Q. How many dies did you have to make up, in making up these two [78] arms?

A. You mean all the dies pertaining to the arm—the completed arm, or are you referring to parts?

Q. Referring to the part of the arm, excluding the clamp and everything back of the clamp?

A. Well, I would have to compute that.

Q. Suppose you were going to make up Defendant's Exhibit M, how many dies would you have to make up to stamp out the metal parts of the arm?

A. The two halves being identical, of course. We have, really, two parts to make here. This part here required, first, the operation was to chop up the parts in small rectangular pieces.

Q. So that took one die?

A. One die made the rectangular part.

Q. The next operation was a forming die, which formed the metal out, as indicated by the boundaries?

A. The next were the inner bounds; the next operation was a die which was required to make

[Testimony of Masick Magarian.]

the holes, small little holes for the rivets; large lens holes. The next die was a die required for trimming the outside edges. That makes four dies counting the first die, where you just squared off the rectangular pieces. That would be four dies.

Q. Four on the head and one on the body, five altogether?

A. Four dies on the head. One to chop these arms up; second to form it. The second operation was to make holes. The third operation was to make the formed channel, here, which means there are 3 dies to make the long piece, here, this back portion.

Q. That would be a total of seven dies used on Defendant's Exhibit M.      A. Seven.

Q. Did you have to make new dies when you made the change from two small reflector buttons of Plaintiff's Exhibit A, in order to make Defendant's Exhibit M?

A. I made the change right into the die. I had this particular hole (indicating) and I used the same die.

Q. Both Plaintiff's Exhibit A and Defendant's Exhibit M took seven [79] dies?

A. That's right.

Q. When you changed over to make, Defendant's Exhibit N, with the catafote button, how many dies did you use there?

A. That required the same number of dies.

Q. Were you able to save any of the dies you



[Testimony of Masick Magarian.]

used in making Plaintiff's Exhibit A or Defendant's Exhibit M, in order to make that exhibit?

A. Well, this arrow part is the same, and on this one, as I recall now, I did use the same die.

Q. Made it over?           A. Made over.

Q. Now, in your arm, as shown in your patent, that makes the plates for Exhibit C, how many dies do you have to have for that?

A. I don't know—I have worked out a secret method of making those parts. I don't know if I should mention the number of dies. I have been making—we have spent thousands of dollars, making tools for that job and I don't want to expose my methods, that we have developed there.

Mr. Schapp: If your honor please, that question is objected to on the ground, it seems to be rather immaterial, for the purpose of this trial. We are just forced to disclose a process of making those assembled arms, which at the present time, he has successfully kept secret.

The Court: How is it material?

Mr. Miller: I am merely interested in this particular, your Honor. Was the number of dies used to make that, more or less, than the number of dies required to make Exhibits N, M, or Plaintiff's Exhibit A?           A. Less.

Q. The expense involved was less in die manufacturing?

A. I wouldn't say that, because the type of die



[Testimony of Masick Magarian.]

involved, although it was less, it was a different type of die, altogether.

Q. The plates of Plaintiff's Exhibit C could be made with a single [80] bar die, couldn't they?

A. It is possible, I suppose.

Q. You have turned out stamps, haven't you, in your experience, approximately that shape, without requiring six or seven dies? A. That is true.

Q. It could be made, at a maximum, with two?

A. Yes, possibly one, I don't know.

Q. Do I understand your testimony, that you conceived of this idea in 1934, and although it was more expensive to make the dies for Defendant's Exhibit M and N and Plaintiff's Exhibit A, that you made these exhibits, using the more expensive and more numerous dies throughout 1935, and didn't bring out the construction in your patent, until 1936?

A. You misunderstood my testimony. One die or less dies doesn't mean less expense. If I want to answer you definitely. I would say the arm I have now, involves as much as eight times the cost, the way I am making it now, but I could not afford to put the equipment in. The die to make this is a lot more expensive than all the dies combined there. That can be very easily proved.

Q. Will you explain that?

A. It is a more expensive tool. You may use one die or you might make a part by having, perhaps eight or ten operations on a piece, with a simple die

[Testimony of Masick Magarian.]

and lose out on production, because you have so many operations; whereas, if I can make that part in one operation, that may require a very complicated die, and although you have a number of operations to perform, it is performed in one stamp.

Q. Mr. Magarian, I will show you Defendant's Exhibit D. I know that you saw this exhibit at the time, that was used in the depositions taken in this case, but had you ever seen any arms like that prior to the date of the deposition you attended?

A. Yes, I had.

Q. When did you see an arm of that character?

A. The arms I have [81] seen, of course, didn't have this particular type button there. They had three or six buttons, catafote buttons. I remember, I have seen this before the time of the deposition.

Q. Well, that kind you saw that had catafote buttons, when did you first see that?

A. I saw that long after I had approval on my first design.

Q. After you had approval on Plaintiff's Exhibit A?      A. Yes, it came long after that.

Q. That is the first one there?      A. Yes.

Q. Otherwise, except for the use of catafote buttons, in place of these reflectors, the arm you saw was the same?

A. The arm, I saw, was a little longer than this. This part was a little different, it was smaller.

Q. Did you learn at that time, or know who manufactured that arm you saw, that you are describing now?      A. Yes.

[Testimony of Masick Magarian.]

Q. Who?

A. It was Detroit Products Company.

Q. This arm you saw, did it have that raised center portion there, like on that exhibit D?

A. Yes.

Q. Did it have the marginal flanges riveted together, like you have on that exhibit?

A. Yes sir.

Q. Do you know whether it had a separator on it?

A. I know it didn't. There was no separator.

Q. Did you have a separator in your Exhibit M, between the catafote buttons on the opposite sides?

A. Yes.

Q. What did you put that in there for?

A. To hold the lenses in place.

Q. Is that a continuous separator?

A. No, sir.

Q. One for each pair of buttons?

A. That's right.

Q. Did you have any knowledge, or acquire any, as to how the form was raised in the center portion in the arm, you saw?

A. Well, [82] from the standpoint of tools, I didn't understand how it was made.

Q. It was made by a die and it was died out that way?

A. I suppose it was.

Q. Now, how would the cost of such a die, as would be required to stamp that out, be compared with the cost of the die to stamp it out on Plain-

[Testimony of Masick Magarian.]

tiff's Exhibit A, have you any information on that?

A. The dies on my arm were more expensive.

Q. By several times?

A. I don't know several times, because the arm you have in your arm, as I can see it—

Q. You are referring to Defendant's Exhibit D?

A. Yes.

Q. Is that what you are referring to?

A. When I looked at this arm, I came to the conclusion at once, by examining the edges here, this arm wasn't trimmed with one die. It was cut in sheets, that is, all cut off separately. That is a procedure we don't have in our practice, because it would be a very laborious practice to manufacture.

Q. Approximately how much money did you spend in the dies for making up Plaintiff's Exhibit A; that is, stamping out the plates that formed this exhibit?

A. We make our own tools and dies. I wouldn't be able to tell you just how much we spent. We have our own tool makers. Our cost is less than if we should have them made out. I wouldn't be able to give you an estimate, unless I sat down and figured it out. Those are about four years old. I don't think I could answer that intelligently.

Q. Do I understand your testimony clearly that you and the Detroit Products Company are the sole manufacturers in this State?

A. No.

Q. In signalling arms. I thought you said Detroit Products Company was your main competitor?

[Testimony of Masick Magarian.]

A. Yes, but that doesn't necessarily mean there are no others.

Q. There are others, then?

A. Some others, yes. [83]

Q. There are quite a number, aren't there?

A. I don't know what you mean by "quite a number." I know of about two more, besides ourselves.

Q. Well, there are more or less now, than there were in 1938?

A. I beg your pardon. Your question is, is there more manufacturers now?

Q. Manufacturers and distributors here, in this State or adjoining states, of signalling arms for trucks?

A. I would say there has not been an increase in manufacturers, because these other manufacturers were in some sort of signal business before, I would imagine, I haven't followed their history.

Q. Do you know of the Arrow Auto Safety Signal Company, of 4957 Sunset Boulevard, Hollywood, California?

A. I have heard of the name. I don't know their product.

Q. Never seen their arm?

A. I may have seen it without knowing it was their arm. I don't recognize their arm.

Q. Do you know Clyde C. Bussey, 2518 West 15th Street, Los Angeles?

A. No, I don't know him.



[Testimony of Masick Magarian.]

Q. You don't know of his concern or his arm?

A. Well, I don't know Mr. Bussey himself, but I know he has made some signals. What they were, I don't know.

Q. Do you know the Everite Manufacturing Company, Ltd., of 3144 College Avenue, Berkeley?

A. No, I don't know that.

Q. Do you know W. C. Otis, 1521 South Hoover Street, Los Angeles, California?

A. No, I don't know that.

Q. Do you know H. W. Phillips Co., 816 South Central Ave., Los Angeles?

A. I don't know the company but I have seen their arm.

Q. You are acquainted with their arm?

A. Well, I have seen it a number of times. It is similar to the one that Detroit Products manufactures, as I remember it, the button type. [84]

Q. Well, which type that Detroit Products made? A. Well, the button type.

Q. Using catafote buttons? A. Yes sir.

Q. Otherwise like this, Defendant's Exhibit D?

A. Similar to that, yes sir, only it had six lenses, six little buttons on each side.

Q. How long ago were you first acquainted with that?

A. I was acquainted with that, I would say, around—long after I had my first one out, I know that. It was when these people started coming into the field with these button types.



[Testimony of Masick Magarian.]

Q. That is, you were acquainted with that long after you put out Plaintiff's Exhibit A, which I hold in my hand now? A. That's right.

Q. Are you acquainted with Riehl & Range, 3907 San Juan St., Oakland, California?

A. I don't know that.

Q. Never acquainted with their arm?

A. No sir.

Q. Are you acquainted with Specialty Manufacturing Company of Los Angeles, California?

A. No sir.

Q. Do you know anything about their arm?

A. No sir.

Q. Are you acquainted with Eskilson & Brander, 1003 South Long Beach Blvd., Los Angeles, California? A. No sir.

Q. You are not acquainted with their arm?

A. No sir.

Q. How about Standard Electric Company, 1000 40th Avenue, Oakland?

A. I am acquainted with their arm.

Q. When did you become first acquainted with that?

A. That was sometime after I had mine out.

Q. The one like Plaintiff's Exhibit A?

A. Yes sir.

Q. How long after?

A. Well, I would make a guess of about six months after or a year after. I don't recall exactly but I know it was after I had mine out.

[Testimony of Masick Magarian.]

Q. You had yours out in 1934, you would say they had theirs out in [85] 1935?

A. As I say, I don't remember just what time elapsed there but it was a considerable time.

Q. How about Mr. Frank Mamiya, 1931½ Birch Street, Los Angeles, are you acquainted with his arm?

A. No sir.

Q. Are you acquainted with the fact, Mr. Magarian that the State Officials of California, put out lists, from time to time, and sketches of approved signals they have approved of?

A. Yes.

Q. Do you recognize this as being one of these approval sets, they put out?

A. Yes sir.

Q. Did you receive like copies from the State in 1938?

A. Yes sir.

Q. I will offer the copy of the State "Approved Truck Signals" for January 1, 1938, as Defendant's Exhibit next in order.

Mr. Schapp: If your honor please, I wish to enter an objection to this, because it is dated 1938. It was long after the filing date of both patent applications.

The Court: What is the offer for?

Mr. Miller: The testimony was offered here that Detroit Products and Mr. Magarian were the main competitors. I understood on direct examination they were his sole competitor.

The Court: No, he didn't say that.

Mr. Miller: I wanted to go into that, whether he was familiar with the other competitors, that were on the market at that time.

[Testimony of Masick Magarian.]

The Court: I don't see its materiality.

Mr. Miller: Very well, I will withdraw the offer.

Q. Mr. Magarian, I wish you would refer to your patent again, and particularly to Claim 4. Have you compared this claim, or contrasted it with claim 3?

A. I don't know if I have compared it but I have read it.

Q. Well, if this claim differs from Claim 3, does it amount merely in the recitation that the faces of the body sections being parallel [86] so as to exert pressure on the uniform lenses of the separator?

A. I would say, yes.

Q. Do you find any disclosure in the specification or the drawings, about the uniform pressure, or any reference made thereto?

A. Of course, you couldn't show it in a drawing. I don't know this word by word. Except on page 2 where it says "between the lenses I interpose a separator and the different parts are arranged and dimensioned so that when they are assembled the marginal portions of the body sections of the plates bear on the flanges of the lenses, and clamp the same from opposite sides upon the separator."

Q. Anything about uniform pressure as called for in Claim 4?

A. No I don't have "pressure". The word has not been used as I can see it.

Q. Referring to Plaintiff's Exhibit A, and particularly to the two small lenses on this exhibit,

[Testimony of Masick Magarian.]

when you clinch your rivets, drive your rivets through there, are those lenses clamped on the respective rivets with uniform pressure?

A. Well, in this particular arm, are you referring—

Q. I appreciate that this particular arm has been slightly mutilated, but I am referring, now, to an arm in perfect condition, and which would be a duplicate of that arm?

A. This particular design, you will notice that the form portion adjacent to the lenses are tapered. It doesn't bear on the lenses properly. You can just take this and rotate it around, so I would say it doesn't bear uniform pressure, whereas, in this type, we have a flat surface pressing on the flat margins of the lenses. There you have a condition where you would approach a uniform pressure, I would say.

Q. Well, those that were brand new and in perfect condition, similar to Plaintiff's Exhibit A; when you made them in 1935 and you drove the rivets home, did they have the small ends as tight? [87]

A. We had difficulty with that, we couldn't hold them in position.

Q. Some were loose and some were tight?

A. They would get loose very quick because, as I say, the form portion wasn't flat; it was more or less tapered. You can just take these lenses and rotate them around.

Q. Were they originally tight, when you completed making the manufacture?

[Testimony of Masick Magarian.]

A. They stayed tight for a very short time, especially when the paint was more or less soft, and made to stick on there for a while, but eventually they would get loose. They wouldn't bear any pressure on the gasket, to speak of.

Q. The separator was put in between the small lenses for the lenses to back up against?

A. Yes sir.

Q. They were intended to be tightened up with equal pressure on the lenses?

A. To prevent any breakage of the lenses.

Q. Or any loose play that was there in the separator?      A. That was the purpose, yes.

Q. Just what was there about your arm, as shown in your patent or exemplified by Plaintiff's Exhibit C, that was new, that gave to the arm, the advantages you speak about?

A. In the first place, we eliminated the number of parts. We reduced it down to a minimum in our construction here where we have only two, as far as elemental parts are concerned. In the second place, we were able to design an arm which had a neat appearance, streamlined, I should say, over our older type where we had a head and narrow portion, which gave it a very pleasing appearance.

Q. Maybe you misunderstand me. I am not asking you to compare your new arm with Plaintiff's Exhibit A but I understood you had certain advantages in your new arm over the prior art; you would refer not only to Plaintiff's Exhibit A but



[Testimony of Masick Magarian.]

other arms that were on the market or that you knew about? Now, comparing it with everything you [88] knew about, what was there new about this arm, Plaintiff's Exhibit C?

A. We have accomplished certain manufacturing advantages, by having a cavity in here (indicating), a chamber whereby we can place these lenses very easily; that cavity also helps place the gasket co-extended, a gasket, which incidentally, is one unit. That makes our assembling much simpler. The other thing we accomplished on this arm, is the fact, we have a large reflective surface, that is, the lenses constitute approximately forty percent of the reflected arm. In the prior art, where the small buttons were used that was not accomplished. We, as I say, we have a large reflected surface and that gives the arm efficiency, because a large object is more easily seen, there is more area for reflection. In the prior art small buttons were used, the efficiency of the button, as far as area goes is high, it may be higher than the Stimsonite. However, it isn't possible to get a large area with a catafote type, small button, which is essential because you can take, for example—I can give you an analogy here. While the intensity of the distant stars are many times more than the moon, yet you can notice the moon more readily than the stars because of the area; that is the same principle you have here. We have a large area exposed, we have an advantage over the other type where a small button is used. I don't know if that is what you want.



[Testimony of Masick Magarian.]

Q. Then one thing of newness about your arm, is that you use a large area of reflected surface?

A. That is right.

Q. You use three of them, that are larger than the ones in Plaintiff's Exhibit A?

A. That is one thing, along with the fact, we have a formed chamber, here, the body mounting here, which makes it very easy in our assembling of the elements and the cost of labor.

Q. Did you consult with Mr. Schapp, while your application was [89] being prosecuted before the Patent Office?

A. I didn't have anything to do with the application itself. I asked him how he was coming along that was all.

Q. Did he ever show to you then or send you a copy of the Elliott patent?

A. I have seen some since but I don't recall Elliott. It might be, I have seen it, I don't know.

Q. You didn't cooperate with him in the preparation of any of the amendments or arguments that were filed?

A. No, I had nothing to do with that.

Q. I will show you a copy of the Elliott Patent No. 1,445,817, issued May 9, 1932, do you recognize that patent?

A. I have seen this recently.

Q. Do you understand how he assembles together, the parts of an arm?

A. Yes I have an idea.

[Testimony of Masick Magarian.]

Q. Do you understand that he makes two plates that are exactly the same shape? A. Yes.

(Attorney hands Court a copy of Figure 2, and 3 of the Elliott Patent.)

Q. Do you understand that those two plates, 21, are counterparts of one another?

A. What do you mean by counterparts, you mean identical?

Q. We assumed that they are. Do they have spaced body portions, with lens 22?

A. Yes, I would say they have although they don't show any lens in Figure 3 to show the body portions on the flat part of the arm. I don't see any body portions there, whereas in our sketch we have shown that.

Q. In Figure 2 he shows the body arm bulging out around the lens, doesn't he?

A. Yes he does.

Q. This would constitute the body portion?

A. Well, I don't know. The cross section figure in Figure 2 refers to a line through the [90] center of the arm. It isn't clear whether that cross section is continuous or whether that body portion goes around the lens or not, because there are no lines showing it.

Q. How would you make it, if you were showing that drawing?

A. Well, you're talking about the drawing, I can't assume how it should be made. I am going entirely by the drawing.

[Testimony of Masick Magarian.]

Q. Well, he has contact margins on those plates, doesn't he?

A. The cross section drawing, yes.

Q. Have you compared or contrasted the size of the circles—circle 22 in Figure 3 with the size of the supposed surface of the lenses in Figure 22?

A. No, I have not compared it, no.

Q. Now, Mr. Magarian, isn't what you have done here, is to substitute for Mr. Elliott's lens, 22, two Stinsonite lenses, such as you have used in Plaintiff's Exhibit A, with a separator between them and multiplied or duplicated along the length of the arm?

A. Two lenses, you say.

Q. Yes, two Stinsonite reflectors such as you have in Plaintiff's Exhibit A?

A. Are you referring to the narrow portion of the arm, or the whole thing. When you say two, there are three lenses on each side.

Q. You have a separator on each of these two lenses on Plaintiff's Exhibit A, don't you?

A. Yes.

Q. In place of Elliott's one piece lens, you have used two Stinsonite lenses back to back with a separator between, and you multiplied it along the length of the arm?

A. Those lenses, by the way, are an entirely different type lenses, whereas in the drawing here, a solid lens, a glass, is shown, the common separator is not there.

[Testimony of Masick Magarian.]

Q. And in Plaintiff's Exhibit C, you still have the same idea, only you have made your lenses of uniform shape and size?

A. I wouldn't say I have the same idea. I don't know what you mean, because we [91] have six lenses and they are Stimsonite lenses and they are separated by a common separator. You don't have that here.

Q. Does it make any difference—by the word common you mean a single separator?

A. A single extending, coextensive, I would say.

Q. Going the entire length of the arm, so as one separator will serve all six lenses?

A. That is right.

Q. Does it make any difference whether it is in one, two or three pieces?

A. Yes, it does. It would require more work in the manufacture of the small parts and considerable difficulty in placing them in the assembly, whereas, if you have one you are handling just one. Three, you have three parts to handle.

Q. How much more would it involve to use that separator split in half and put two pieces in there and butt them together?

A. Two separators?

Q. One separator made in two pieces—two halves of the separator?

A. Well, do you mean to cut the separator in two?

Q. Suppose I took the separator you have in your hand and cut it right in half, right across the

[Testimony of Masick Magarian.]

center, so that I had a separator cut in two halves, how much more labor would it involve?

A. There would be a little more work.

Q. How much more?

A. I can't tell you exactly, that would depend on the person assembling it. There would be more work.

Q. All he would have to do would be put in two pieces there instead of one?

A. Yes, it is two pieces; it is more work, that is all I can say but when you ask me how much, I can't tell you.

The Court: Those different parts are assembled by hand, are they?

A. Yes sir.

Q. In 1935, Mr. Magarian, were you making anything besides arm signals? In 1934, I should say?

A. That was the signal—the [92] signal was my main line. I don't remember making anything else, unless I made some tools for somebody else, but the signal was—1934 was when I worked on the idea, but in 1935 was when I really started manufacture. I was making tools from the time I obtained my approval in August, 1934, until the middle part of 1935, I was making the tools I used for manufacturing my first design.

Q. Did you ever contemplate a signal with a lens longer than three and a half inches in it?

[Testimony of Masick Magarian.]

A. Yes, I think I have. That rectangular lens was longer than three and a half inches.

Q. When?

A. We talked about it this morning.

Q. That is this blue print, Plaintiff's Exhibit K?

A. Yes sir.

Q. That was to be for a signal arm, how long?

A. I had no definite length worked out at that time.

Q. How many of those lenses were you going to use in there?

A. I don't know if I had any definite length or numbers worked out, but I was trying to get from the Guide Lamp Company, a lens, a long, narrow lens, if it was possible to manufacture it. I had never seen any lens of that type.

Q. Then you didn't have the conception of your present arm in 1934?

A. Not in the same form.

Q. What was your conception in 1934?

A. In 1934, I had that lens, for the idea of using it possibly on the arm I have there, where the little buttons were used, because those were not very efficient. I thought I could make a better arm by having a uniform or long piece in that portion.

Q. That is, in place of having these two small buttons, on each side, as in Plaintiff's Exhibit A, you were going to have one long reflector occupying



[Testimony of Masick Magarian.]

those spaces, now occupied by those two small buttons?

A. The exact idea I had—of course, I was trying to make a long lens, an oblong lens, and see if I could possibly have the [93] part molded.

Q. The only idea you had at that time, was to see whether Stimsonite would give you an oblong lens, is that right?      A. That is right.

Q. Had you seen Stimsonite lenses on the market or in use, prior to making this drawing, Plaintiff's Exhibit K?      A. Yes sir.

Q. Did all those Stimsonite lenses have these flanges at the edge of the lens?

A. The first time I saw a Stimsonite, was on a Ford V8 I had, on the tail light. You know how they have it on the tail light where they had a light in back of the lens; in fact, all of the General Motors cars have Stimsonite tail light reflectors and also some other cars, Ford, Chrysler are all licensed under Guide Lamp Company, as I understand it.

Q. All Stimsonite reflectors, you say prior to making up this drawing, Exhibit K, had bulging body portions and flanges at their edges to put them in some kind of a frame, so that the body portion would bulge through a flange and would contact on the inside of the flange, isn't that true?

A. Yes, that is true.

Q. Referring to this exhibit, Plaintiff's Exhibit J, why did you continue these lenses along this

[Testimony of Masick Magarian.]

exhibit, instead of having just three on the outer side?

A. Three is all that is necessary. Why didn't I have more?

Q. Yes.

A. Because the State law requires at least an illuminated portion of about twelve inches, and that is just twelve inches. It isn't necessary because it would increase the cost.

Q. When did the state require an illuminated portion of twelve inches?      A. When?

Q. Yes.

A. Well, I don't know. I don't know if that law was over or not when I first introduced the reflector type that I made the first time. I don't think it was a definite law at that time and the question was discussed and I had to set an arbitrary figure [94] in order to conform to the requirements. That was, I would say—I started making signals in——

Q. 1934?

A. 1935, when I started making signals was the middle of 1935. I didn't manufacture signals in 1934.

Q. Oh, you started in 1935. I misunderstood some of your testimony, I beg your pardon. Now, Mr. Magarian, have you ever received any orders for purchasers for signal arms having two lenses on each side, oblong lenses?

A. Received any orders?

[Testimony of Masick Magarian.]

Q. Yes.

A. No I never remember receiving any orders of that type.

Q. You have never mistaken your signal arm for the Detroit arm, have you?

A. From a distance, yes, where it is used on the trucks because from a distance of about one hundred and fifty or two hundred feet, the lenses blend in together, and you see a continuous reflective area because these narrow portions here are rather small and they get lost and blend in. From a distance, yes, you can confuse them; right close I can tell myself.

Q. Have you ever encountered any purchaser that confused the two signals in making his purchase?

A. What form would I encounter?

Q. I don't know. I just asked you, have you encountered anyone?

A. No, not myself.

Q. Did you ever attempt to make a purchase of one of the Detroit arms at 537 Turk Street, yourself?

A. No, I didn't.

Q. Referring to this letter of December 22, 1935, which is Plaintiff's Exhibit M; this letter refers to a blue print here in your fifth paragraph, does that, as you would read that paragraph over, tell me does that have reference to Exhibit K or some other blue print?

A. No, the letter of December 22, 1935 is not

[Testimony of Masick Magarian.]

referring to the lens as referred to in print 2 of April 25, 1934. This letter of December 22, 1935 refers to an old lens. This is the lens we [95] have in the present arm, that we manufacture, that refers to that lens (indicating).

The Court: What exhibit would that be, A?

Mr. Naylor: That is Exhibit C, your Honor.

The Court: Refers to that, does it?

A. Yes sir. Now, I will make a correction there then. As I understand it, this refers to an oval lens, as I remember it, three inches long instead of three and a quarter but it is a similar lens, oval lens. I don't want to commit myself exactly, I know it is the oval lens because at that time, the latter part of December 1935, we were considering to make the change from the catafote button type used on that one and going to this type, we have now. I know definitely it refers to the oval lens.

Q. Well, you are unable to find that blue print, or the tracing, or the original of that blue print, that accompanied that letter of December, 1935?

A. We haven't the tracing because we make those tracings with a pencil on tissue paper. When the lens was not satisfactory we don't keep them very long, they dry up and crack. We don't keep them.

Q. When, in reference to the date of that letter, if such a tracing had been prepared, would it have been prepared?

[Testimony of Masick Magarian.]

A. I would say perhaps eight or ten days, in that vicinity, before that time.

Q. Prior to the date of the letter?

A. That's right, at the most, I would say. Usually we make our blue print and send it right on. We don't hold it.

Q. Do you have a letter or your copy of it—Plaintiff's Exhibit R is apparently a reply to a letter of yours?      A. Yes sir.

Q. Do you have a copy of your letter?

A. I don't have it here, I have it in the file.

Q. Where, in the city or in Fresno?

A. I am pretty sure it is in [96] Fresno.

Q. Can you send for that letter?

A. I suppose I can, yes sir.

Q. Will you do that and produce it here?

A. I will try to do that, yes sir.

Q. Now, you gave some figures this morning—before I get to that—do you have any way of segregating the arms you sell, in your books so as to indicate whether or not the arm sold is like Plaintiff's Exhibit A or Defendant's Exhibit M, or Defendant's Exhibit N, here (indicating) with catfote buttons or Plaintiff's Exhibit C, the one that is of your patent?

A. Each one have their own numbers. When we made changes or improvements there were new numbers, assigned. Those new numbers appear on all packing slips.



[Testimony of Masick Magarian.]

Q. Is that kept on your books, how long do you keep the packing slips?

A. We have all the packing slips we have used.

Q. These figures you gave this morning, as I understood them, began in September, 1935, the figure that you sold?

A. These indicate the—for example in 1935, we were not manufacturing the type, we make now. Those figures in 1935 pertain to the arm we were manufacturing at that time.

Q. In 1935, I believe you gave the number 2873, that referred to what?

A. That referred to the first arm we were making.

Q. Like Plaintiff's Exhibit A?

A. That's right.

Q. And did you continue to sell any of that type like Plaintiff's Exhibit A or Defendant's Exhibit M or N in 1936, along with the type illustrated by Plaintiff's Exhibit C?

A. Yes, I think we sold some.

Q. And this figure for 1936, 14039, that includes signals of the type of Plaintiff's Exhibit C, and also of the type of Plaintiff's Exhibit A, and Defendant's Exhibits M and N?

A. I would say yes.

Q. How about the figure for 1937, does that likewise include both [97] types?

A. Well, at that time, in 1937, we were pretty well along with this type. We might have sold one



[Testimony of Masick Magarian.]

or two of our oval type, just very few occasionally, but from 1937, on we were entirely—practically selling the type we are selling now.

Q. Do you still keep any of these old type, like Plaintiff's Exhibit A, and Defendant's Exhibits M and N in stock?

A. We have about, I would say, about 6 or 7 of those arms at the most.

Q. Right now?

A. That is old stock.

Q. I noticed that on some of your earlier types you used a red reflector where as in your Exhibit C you use nothing but amber, was that on account of the State recommending the use of amber and telling you not to continue using any more red?

A. That change was brought about by myself. I was the one that suggested to the officials in Sacramento. Months after they agreed that was the proper idea, there is a definite reason for it. I was the one that really had that changed.

Q. Who did you discuss it with?

A. Inspector Sharkey and Mr. Cato.

Q. Do you know the purpose of having one side of these red and the other one amber, like in Exhibit M?

A. The purpose? At that time we used red because to the rear, they felt it should be red, because everything in the rear of the car is red. They used red reflectors, the tail lights are red, and it was sort of an assumption that that should be red

[Testimony of Masick Magarian.]

without going into any definite scientific reason for it.

Mr. Miller: That is all.

(Thereafter an adjournment was taken until Friday, August 2, 1940, at ten o'clock a.m.) [98]

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Mr. Schapp: If your Honor please, it has been drawn to my attention that Plaintiff's Exhibits, from A to G have not been properly introduced in evidence and have not been made a part of the record. I wish to do that at this time, if I may be permitted to do so. I would like to introduce the original Magarian arm.

The Court: That has been introduced in evidence.

The Clerk: No, your honor, these Exhibits A to G have been referred to, they marked those numbers at the time of the taking of the depositions.

The Court: Exhibit A, is that the first arm?

Mr. Schapp: That is the first arm sold by Magarian.

(The arm was marked Plaintiff's Exhibit A in evidence.)

Mr. Schapp: Then, I have here, invoice number 1124, I ask that that be marked Plaintiff's Exhibit B.

(The invoice was marked Plaintiff's Exhibit B in evidence.)

The Court: What does that invoice relate to?

[Testimony of Masick Magarian.]

Mr. Schapp: The defendants tried to prove or have proved and it is an admitted fact that the signalling arm, Exhibit A, was sold more than two years prior to the filing date of the two applications. The facts are admitted and have no further significance.

Mr. Schapp: I would like to introduce in evidence plaintiff's new arm made in accordance with the patents as Plaintiff's Exhibit C.

(The arm was marked Plaintiff's Exhibit C in evidence.)

Mr. Schapp: I wish to offer in evidence the defendant's first infringing arm marked plaintiff's Exhibit E, and defendant's second infringing arm marked Plaintiff's Exhibit D. The ones they placed on the market.

The Court: Which is the first one?

Mr. Schapp: The first is the Exhibit E, that is defendant's [99] first infringing signal arm.

(The arms were marked Plaintiff's Exhibit E and D respectively.)

Mr. Schapp: There are two exhibits offered in the deposition, a sales tag identifying the sale made to B. Hansen from T. A. Mitchell, which was introduced as Plaintiff's Exhibit F.

(Sales tag marked Plaintiff's Exhibit F in evidence.)

Mr. Schapp: And a photostatic copy of the same sales tag, introduced as Plaintiff's Exhibit G.

(Photostatic copy marked Plaintiff's Exhibit G in evidence.)

## WALLACE R. LYNN,

called as a witness on behalf of the plaintiff, being first duly sworn, was examined and interrogated as follows:

## Examination by Mr. Schapp

Mr. Schapp: Q. Will you please give your full name? A. Wallace R. Lynn.

Q. What is your age? A. Forty-two.

Q. Residence?

A. 80 Junipero Serra Boulevard, San Francisco.

Q. Occupation?

A. Manufacturer's representative.

Q. Where is your business located?

A. 2048 Market.

Q. Will you be in San Francisco on June 4, 1940? A. No, I will be in Chicago.

Q. On what occasion will you go to Chicago?

A. For years, for the last fifteen years we have held our annual sales meeting for the Belden Manufacturing Company, the wire manufacturer that we represent, in Chicago. It has been their practice to hold their annual sales meetings the week prior to the Radio Trade Show, and that is the case this year. Our sales meeting starts on June 4.

Q. That will be in Chicago? A. Yes.

Q. Do you know Masick C. Magarian?

A. Yes.

Q. What is your connection with him?

(Deposition of Wallace R. Lynn.)

A. I represent the sale of his merchandise in eleven Western States on the same basis that we represent a number of other manufacturers. [216]

Q. Has Masick Magarian anything to do with this trip of yours to Chicago? A. Oh, no.

Q. Has he any control over your movements?

A. No. What do you mean by that?

Q. I mean if Mr. Magarian could tell you to stay here for June 4 instead of going to Chicago, if you had to obey.

A. No, he couldn't do that.

Q. I will show you a signal arm marked "Safety Truck Signal, State Approved," followed by a number of patents, "Manufactured by Industrial Scientific Company, Fresno, California, U. S. A." Who is the Industrial Scientific Company?

A. Manufacturers of that arm, and it is the company owned by Magarian.

Q. I will ask you to identify that arm if you can. A. To identify it?

Q. Yes.

A. I don't know exactly what you mean. It is the arm we have been selling for a long time.

Q. That is the arm you have been selling for Mr. Magarian and the Industrial Company?

A. That is correct.

**Mr. Schapp:** I want to introduce this arm in evidence now. I will call it Plaintiff's Exhibit C.

(The signal arm referred to was thereupon marked Plaintiff's Exhibit C.)

(Deposition of Wallace R. Lynn.)

Mr. Schapp: Q. Is that the arm you are selling for Mr. Magarian?

A. That is the arm. That is one of the types of arms that we sell for Mr. Magarian. [217]

Q. I will show you another arm containing two windows and marked "Detroit Products Company, Manufacturers, El Segundo, California, State Approved." I will ask you if you have ever seen that arm before or any arm just like it.

A. Yes, I have seen arms just like it.

Q. Do you know who manufactures that arm?

A. Well, yes. I know the name of the company that manufactures it—Detroit Products Company—as far as I know. I have never visited their plant. I assume that is the Detroit arm because it has the Detroit name on it.

Mr. Naylor: I move that that whole answer be stricken as based purely on hearsay, admittedly.

Mr. Schapp: Q. Have you seen that arm on the market in San Francisco? A. Yes.

Q. Where have you seen that arm?

A. The Western Auto Supply Company is the first one that comes to my mind.

Q. Have you seen it at any other place?

A. I am sure I have but I can't say exactly where, because I have never gone out to make any check on it. I mean, we have seen arms in a great many places on trucks and in various jobbers' places of business, but I have never made any written note or mental note exactly where I have seen them. It



(Deposition of Wallace R. Lynn.)

would be very easy, however, to get that information by going around and looking, because they are certainly around in places.

Q. Are these things sold at the present time, as far as you know?

Mr. Naylor: Pardon the interruption. May we have some [218] identification of this arm in the record so we will know what is being talked about?

Mr. Schapp: I will introduce this arm in evidence and let it be marked Plaintiff's Exhibit D.

Mr. Naylor: To which offer the defendants object on the grounds that no proper identification has been made and no foundation has been laid in the record for the introduction.

(The signal arm referred to was thereupon marked Plaintiff's Exhibit D.)

Mr. Schapp: Q. I will show you a third arm, which has three windows or lenses on each side, and which is marked "Manufactured by Detroit Products Company, El Segundo, California, Approved by the State," and will ask you if you have seen this arm before.

A. I have seen arms of that type, yes. I have seen that arm before.

Q. Where have you seen those arms before?

A. Oh, in the same place as we have seen the others—in jobbers, general stores, on trucks.

Q. In San Francisco?

A. All over the territory. I couldn't specifically name any one place because I haven't seen them

(Deposition of Wallace R. Lynn.)

in any individual place. However, I could go out and probably find some of them in San Francisco.

Mr. Schapp: I will introduce this arm in evidence and ask that it be marked Plaintiff's Exhibit E.

Mr. Naylor: To which offer we object on behalf of the defendants on the same grounds advanced as to Plaintiff's Exhibit D, [219] not identified, and no foundation laid.

(The signal arm referred to was thereupon marked Plaintiff's Exhibit E.)

Mr. Schapp: Q. Now, Mr. Lynn, I will ask you how long you have known Mr. Magarian?

A. Since the early part of 1935. I would say somewhere around March or April of 1935 was when I first met him. It might have been May, but it was one of those three months.

Q. Are you familiar with an arm that Mr. Magarian sold, placed on the market before he put this arm, Exhibit C, on the market? A. Yes.

Q. Can you give a brief description of the arm, as far as you remember, that Mr. Magarian had on the market before?

Mr. Naylor: That question is objected to as calling for testimony concerning a fact that is not in evidence.

A. Yes. He used a cataphoto type of button, a reflector button, instead of these large glass reflectors and, as I recall, there were seven of these buttons on each side, or six on each side. the same

(Deposition of Wallace R. Lynn.)

type of button as is used on these auto club signs on the road, you know, this reflector type of button, and they were set into an arm of about the same general shape, a little wider than this probably, and the buttons arranged so as to kind of point an arrow. It has been a long time since I have seen one of those. I don't know exactly how those buttons were placed, but, as I recall, they were in the form of an arrow.

Mr. Naylor: Pardon the interruption; as a possible means of [220] keeping this record clear of as many objections as we can, may we have Mr. Lynn fix the time that he saw this alleged arm prior to Exhibit C? In other words, establish some relationship between that and C; C has not been identified as far as date is concerned. I am not here just to make technical objections.

The Witness: Yes, I saw the arm in May or June of 1935.

Mr. Naylor: Q. You are referring now to Exhibit C? A. Is this Exhibit C here?

Mr. Schapp: This is Exhibit C (indicating).

A. No, I am referring to this cataphoto.

Mr. Schapp: Q. That was when?

A. May or June of 1935.

Q. Can you give a general comparison as to relative merits of the arm, Plaintiff's Exhibit C, and the arm manufactured before it by Mr. Magarian?

(Deposition of Wallace R. Lynn.)

Mr. Naylor: That question is objected to as calling for opinion testimony, and this witness is not qualified as an expert on signal arms.

The Witness: I do not know who would be better qualified, but anyway the original arm was subject to considerable criticism from the State Highway Department, and Bill Sharkey of the State Highway Department was continually suggesting that, if possible, the visibility of the arm be improved; so that Magarian worked on a number of ways and methods to improve the visibility of the arm, and out of his work a development came, this Exhibit C.

What was your question there? [221]

Mr. Schapp: Q. How does Exhibit C offer advantages over the arm previously manufactured by Mr. Magarian?

A. There is no question but that it has increased visibly at night. I mean the arm has greater reflective area and can be seen farther at night than the original arm that Mr. Magarian brought out, and I personally spent a great many nights on the highway with the Motor Vehicle Patrol out of Sacramento during the time that the new Motor Vehicle Code was being formed, because of the fact that, as an electrical engineer, and also my association with Magarian arm signal business, I helped them in the testing of a number of these motor vehicle developments or items that they were testing. I do not know exactly how to tell you, but the point is

(Deposition of Wallace R. Lynn.)

we were testing all types of arms and all kinds of combinations in order to get the greatest visibility and provide the utmost in safety for the truck operators and the motorists.

Q. Did you establish by your tests that this arm has greater visibility than the arm previously used by Magarian?

A. Yes. The amount of visibility in these arms was determined by the number of buttons or the amount of reflective area, and we could have increased the number of buttons in the original arm probably to the point where it would be all studded with them, but it would make the arm impractical; so that this Stimsonite reflector was the apparent answer to increased visibility and to make a practical economical arm.

Q. You are an electrical engineer? [222]

A. I do not hold a degree as an electrical engineer, but I qualify as a practical automotive electrical engineer. I do not hold a college degree as an electrical engineer.

Q. How long have you been selling signal arms?           A. Since 1935.

Q. Did you sell the old arm for Magarian too?

A. Yes.

Q. Do you know when Mr. Magarian changed from the old arm to the new arm, Exhibit C?

Mr. Naylor: Mr. Schapp, I do not want to appear to be cantankerous about this, but this whole line of examination relative to the old arm is so



(Deposition of Wallace R. Lynn.)

indefinite and vague that I will have to interpose one objection right after another. If you have one of the arms, let us produce it and get it in the record so that this witness can be tied down to something definite rather than any one of a number of arms having one button or seven buttons or whatever it is.

(Discussion off the record.)

(The reporter read the question.)

A. I can't give you the exact date.

Mr. Schapp: Q. Approximately?

A. It would only be a guess, but I would say late 1935 or early in 1936. But, as I say, that would only be a guess. Without referring to the actual files, I couldn't tell you. I would have to go back and look at my records, which I have not done.

Q. Could you tell from memory whether there was any difference in the amount of sales when Magarian adopted the arm Exhibit C? [223]

A. Let me get this clear. Do you mean was there a difference in the number of arms sold before and after this type of arm came out?

Q. Yes.

Mr. Naylor: Referring to Exhibit C.

A. Yes, there was very definitely. There was a big increase in the sale of arms, of this type of arm. We sold a great many more of this type than we did of the other one, a great many more.

Mr. Schapp: Q. You are mentioning "this type"—



(Deposition of Wallace R. Lynn.)

A. Exhibit C. Yes, we sold a lot more of this Exhibit C than we ever sold of the earlier models. In fact, when that arm came out our sales really went to town.

Mr. Naylor: I move that that last remark be stricken from the record as being purely voluntary and not responsive to any question.

The Witness: Well, you asked if they had increased, and they certainly did increase with that arm, when it came out.

Mr. Schapp: Q. When was this arm Exhibit D first brought to your attention?

A. It was first brought to my attention by the purchasing agent of the Western Auto Supply Company in Los Angeles.

Q. Under what circumstances?

A. Just what the date was, I don't remember. Why, he told me—he had a sample in his office and said that he liked the finish on the Detroit arm better than on our arm and couldn't see much difference—I don't remember how he put it—but, in any event, he said the arms to [224] all intents and purposes were similar and that the finish was better.

Mr. Naylor: I will have to interrupt you. I am sorry I have to, but I move that that part of the answer which purports to quote what some third party said be stricken from the record as being purely hearsay.

The Witness: No, I have a letter to that effect from this purchasing agent, and I will be glad to

(Deposition of Wallace R. Lynn.)

dig that out of the files, because I was in a hurry when I talked to him about it, and I asked him to write me the whole story, and if I can find that letter you can have it, either one of you or both of you.

Mr. Schapp: Q. You say as near as you can from your recollection what he said.

Mr. Naylor: Same objection to this line of questioning, as to what somebody said, either by word of mouth or in a letter, concerning Exhibit D in this case.

Mr. Schapp: All right, your objection is in.

Go ahead and answer.

A. He told me that he was going to buy this Detroit arm unless we could improve the paint job, the finish on our arm, and he also told me he had a better price than we were giving him on our arm, and that if we wanted to improve our finish and meet the competitive price, that he would like to have our proposition. He was buying our arm at that time.

Q. About how many arms was he buying at that time?

A. I couldn't tell you. It was a lot of them.

[225]

Q. Approximately?

Mr. Naylor: That question is objected to. The witness obviously cannot testify to it from his recollection by his own admission.

The Witness: I couldn't approximate it. I mean you can say more than five hundred, yes, but to esti-

(Deposition of Wallace R. Lynn.)

mate it, it would be impossible. I would have to look it up. However, our records on that are pretty complete. I have the actual copies of the invoices and the billing from the time we started, and they are in our office and you can get them.

Mr. Schapp: Q. After this conversation did the purchases from the Western Auto Supply Company cease?

A. Not entirely, but they dropped off very substantially and they stopped almost entirely in the California division, that is, in California stores.

Mr. Naylor: This line of questioning is objected to as not calling for the best evidence. If there are records, let them be produced to show; then the question is further objected to as not binding on this defendant in any way.

The Witness: They continued to buy some arms, and those purchases were principally through their Oregon and Washington branches. All the billing on arms, however, goes to one place, the Western Auto Supply Company—I mean everything is billed to Los Angeles and then shipped to their various warehouse points, and we continued to ship to Denver, to Seattle, which were their two principal warehouses, but it was my understanding, [226] substantiated pretty well by the volume, that they bought their arms for their Oakland and Los Angeles branches from the Detroit Products.

Mr. Schapp: Q. Has the sale by the Detroit Products Company of arms Plaintiff's Exhibits D

(Deposition of Wallace R. Lynn.)

and E interfered with the sale of your arms Exhibit C?

Mr. Naylor: I will have to object to that as assuming a fact which has not been proved, to-wit, sales of any arms by the Detroit Products Company.

Mr. Schapp: Q. Go ahead.

A. The sale of any competitive arm has interfered with the sale of our arms, and there is no question but what if we have the only arm on the market, that we would have all the business, and as any new arms were introduced or offered to the trade, they sold some of them, and that naturally interfered with the sale of our arms. The principal interference that I noticed during the sale of arms was when this arm, this one here (indicating) came out.

Q. Which one? A. This one (indicating).

Q. Exhibit D?

A. Exhibit D. When that came on the market, why, it was called to our attention by a number of our customers because we had, as far as I know, introduced these three Stimsonite reflectors, and had sold a great many jobbers throughout the eleven States and on our various trips around the territory they told us about this arm brought out by Detroit, which also had three reflectors, and I would say definitely that [227] the introduction of this arm, Exhibit D, interfered substantially with the sale of this one, Exhibit C.

Mr. Schapp: That is all.

(Deposition of Wallace R. Lynn.)

Cross-Examination

By Mr. Naylor.

Mr. Naylor: Q. Now, Mr. Lynn, on direct examination you were speaking in a number of instances about a Magarian arm or more than one Magarian arm which had been manufactured by him and sold by you prior to Plaintiff's Exhibit C, is that correct? A. Yes.

Q. Do you have samples of your arms in your custody or control? A. I think we have, yes.

Q. Do you have any catalogue pages showing the various arms to which you had reference?

A. Yes.

Mr. Naylor: I would like the record to show a demand that samples of the various arms and the catalogue pages be produced by this witness, and that he be subject to further examination concerning them.

Mr. Schapp: Have you them anyplace?

A. I can take time out here and call the office and see if they are there. Do you want me to do that?

Mr. Naylor: Yes, I would like you to do that.  
(The witness talked on the telephone.)

The Witness: We clean out the office about every year and a half or two years. You will have to check back on that. I do not believe we have got them. We apparently have either sent them back to Magarian or given them away or busted them up or [228] something. I am not even sure that we



(Deposition of Wallace R. Lynn.)

can find the sheets. My secretary thinks she can find the catalogue page, but as new models are introduced, being in the sales end, why, we tore them out of our books, and I haven't got them. It looks to me like it would be Magarian's job to put that stuff out.

Mr. Schapp: Q. However, as I understand, you phoned your office and asked them to make a search for either arms or catalogues?

A. That is right. Our business setup, I suppose, is as any other manufacturer's agent: We represent a number of manufacturers and we have a room for samples, a separate room, and in that room we keep the current samples, and any obsolete or discontinued models we pile up once a year and dump them, return them to the manufacturer or sell them out, get rid of them. We haven't got room for any of the old stuff.

Q. As I understand it, you first met Magarian, the plaintiff in this action, about March or April 1935?

A. Yes, March, April or May.

Q. Sometime subsequent to that meeting you then undertook the sale of some of his products?

A. Right.

Q. How soon after that first meeting did you start selling his products?

A. Within sixty or ninety days after our first meeting.

Q. That would take us down into, say, roughly, June, or about that time, would it?



(Deposition of Wallace R. Lynn.)

A. No, I would say probably within sixty or ninety days—sometime in July or August.

Q. July or August of 1935?

A. That is right. [229]

Q. Am I correct in my understanding that Plaintiff's Exhibit C, at the time you commenced selling articles for Magarian, was not included among those articles? A. No, it was not.

Q. How long was it before Plaintiff's Exhibit C was added to the line of goods you sold on behalf of Magarian, that is, how soon after you commenced selling for him did that article come into the line?

A. Upon recollection—and this is just strictly guesswork—I would say very shortly after, probably within another sixty or ninety days, or roughly—that is, six months, six to seven months after I originally started.

Q. Would that take us into 1936 or would it be the latter part of 1935?

A. Either the latter part of 1935 or the early part of 1936. That is strictly guess work. Our records as well as Magarian's records will prove that definitely, but I would have to guess on it.

Q. You can, however, ascertain that information by reference to your records? A. Yes.

Q. Am I correct in understanding that you personally had something to do with the development of Plaintiff's Exhibit C?

A. With the development?

(Deposition of Wallace R. Lynn.)

Q. Yes.           A. No.

Q. Was it handed to you as a finished product?

A. Well, yes, I would say it was handed to us as a finished product.

Q. Was it in the form in which you now see it here in evidence as Plaintiff's Exhibit C?

A. Approximately the same. I [230] don't know whether it was exactly the same or not, but I think it was.

Q. Do you recall any differences, any specific differences, between the arm in evidence here as Plaintiff's Exhibit C and the form in which it was when first added to your line?

A. I don't recall any differences.

Q. What about the windows, I mean the reflectors? Were those glasses always the same color?

A. Oh, no, no.

Q. That would be a difference then, wouldn't it?

A. That would be a difference.

Q. Would you elaborate a little bit on that difference, Mr. Lynn?           A. Well, we used red.

Q. Can you fix the time when red was used?

A. For the rear. I am going to change that. I don't know. We changed it at the suggestion of Sharkey—that "we" by the way is strictly an editorial "we." Sharkey made the suggestion. I think there was a change in the Motor Vehicle Code where they felt amber had a greater visibility, and it was at their suggestion that Magarian changed it.

(Deposition of Wallace R. Lynn.)

Q. Was that change specific to Magarian's product or was it general to the trade?

A. I think it was general to the trade.

Q. That yellow or amber be used? A. Yes.

Q. Was that for the rearwardly reflecting buttons?

A. The what?

Q. The rearwardly reflecting buttons [231]

A. It was for both the rear and front.

Q. Both rear and front? A. Yes.

Q. In other words, as I understood it, first they had red buttons in the back? A. That is right.

Q. That is what I meant by rearwardly.

A. Yes, I understand what you meant there. I was just trying to think. It seems to me at first they insisted that we use red to the rear in line with tail lights and other signals.

Q. Can you recall what the ruling was at that time, at the time you first started selling Plaintiff's Exhibit C for Magarian?

A. I can't recall, no.

Q. But you do definitely recall at one time red buttons were used? A. Yes.

Q. And what were the front buttons?

A. The front buttons were yellow or white or cream colored buttons. You see, the cataphoto button was a kind of clear button with a yellowish cast, a yellowish-greenish cast, and they were available in a number of colors. But, as I recall, that first button that we had was a white or amber color

(Deposition of Wallace R. Lynn.)

button to the front and a red button to the rear, and then we had the round reflectors and a couple of buttons, and in practically all of the early arms those buttons and reflectors to the rear were red and those to the front were amber, yellow, or the color as approved by the Motor Vehicle Department.

Q. Some contrasting color generally, wasn't it, the front button?

A. Contrasting to what? [232]

Q. To the back buttons.

A. That is right.

Q. Was the change, as you recall it, from red rear buttons to amber rear buttons just a one-step change or were other colors tried in between the two?

A. As far as I can recall, there were no other colors tried. When the suggestion came from the Motor Vehicle Department, I think it was to change to amber, I would say from recollection only that it was a one-step change.

Q. That is, from red to amber? A. Yes.

Q. Did you try any different shades of amber or did you select the one that we now see?

A. There is a variable in glass always and there is very definitely a variable in the shade of amber, just as there is a variable in the shades of red or anything else. We have variables. You buy 100,000 of those reflectors, and from one barrel to another, if you are color minded, you will see

(Deposition of Wallace R. Lynn.)

differences in the glass, which cannot be controlled by the arm signal manufacturer and I question if it can be controlled by the glass manufacturer.

Q. Aside from the trade problem of variables, there are, however, specifications for different shades of amber, aren't there?

A. From whom?

Q. From the glass manufacturer, light, dark, and intermediate shades?

A. Yes, I think there probably are—light, light amber, dark—I don't know. I don't know about the glass manufacturers' specifications.

Q. Do you recall in conjunction with Exhibit C, in the progression [233] from red rear buttons to the amber buttons, any attempts or any trials of shades of amber different from that which we now see in Plaintiff's Exhibit C?

A. Yes, yes, that was at the Motor Vehicle Department's suggestion, and I know in making their photometric test over in Berkeley, and in the actual road tests on the highway, that various shades and shapes of reflectors were tried out very extensively.

Q. Did you attend some of those tests?

A. Oh, yes.

Q. And were the resulting suggestions from the Highway people specific to Magarian or were they general to the trade?

A. They were general to the trade. There was no—the Highway Department, to my knowledge



(Deposition of Wallace R. Lynn.)

anyway, has never been specific to any one manufacturer. They couldn't be. I mean in the very nature of the setup, they would be right on the spot if they did. They have been very, very fine in their cooperation, and they have also, when an improvement came along, I think everybody had a shot at it immediately.

Q. In other words, they conduct these tests and then disseminate the conclusions they reach as information for the trade?

Mr. Schapp: I object to putting in too much testimony about the workings of the Highway Department. It has nothing to do with the case. It is immaterial and irrelevant, not proper cross-examination.

Mr. Naylor: What was the last question?

(The reporter read the question.)

A. Anybody can attend these tests. I mean there is nothing [234] secret about them.

Q. Do you recall when you first attended one of those State Highway tests in conjunction with Magarian arms?

A. No, I do not, but it was before the Motor Vehicle Code was revamped. I know that. Before the Legislature had passed the new Code, or the Code supposed to be new at that time.

Q. Were they testing any particular Magarian arm at that time?

A. No, they were testing various types of reflectors for visibility.



(Deposition of Wallace R. Lynn.)

Q. They did not test any of the arms, as you recall it?

A. No, they just had pieces of wood and they took out these reflectors or fastened them onto the wood. The tests, the actual photometric tests of the arm were made at the University of California in the laboratory.

Q. Do you recall any specific reflectors that were used in those tests?

A. Yes, a great many.

Q. Could you describe them for the record?

A. Well, yes. There was the Libbey cataphoto button, and there was the cataphoto truck type reflector, and there was the Persons, and there was the K. D.—well, any number of reflectors.

Q. For arm signals, were they?

A. No, they were for all types. It was in conjunction with this Motor Vehicle—they did not specifically apply to arm signals; they did later, but the purpose was to establish the best type of reflector for a number of purposes—for clearance lamps, truck, rear warning signals, arm signals, and all the various safety [235] devices that were being considered at that time.

Q. Now, can you fix the date when you attended the first test?

A. No.

Q. You can't fix that date?

A. No.

Q. Could you fix the date when you attended any one of these tests?

A. Not a definite date, no.

Q. By year? Could you give us the year?

(Deposition of Wallace R. Lynn.)

A. I could give you the two years—it was either 1935 or 1936.

Q. Possibly both? A. Possibly both, yes.

Mr. Naylor: I think that is all, subject to production of the catalogue sheets. I shall have further questions of Mr. Lynn at that time.

(Thereupon counsel for the respective parties proceeded to take the deposition of Thomas A. Mitchell, after which Mr. Lynn produced the documents referred to, and the following occurred:)

Mr. Naylor: Q. As I understand it, Mr. Lynn, the results of the search of your files at the office have produced certain catalogue sheets, have they?

A. I think so, yes. They are there (indicating).

Q. Have you them here?

A. Yes, found two old sheets.

Mr. Naylor: I will ask that these two sheets be marked Defendants' Exhibits G and H for identification respectively.

(The documents referred to were thereupon marked Defendants' Exhibits G and H, respectively.)

Mr. Naylor: Q. Mr. Lynn, can you fix a date for Defendants' Exhibits G and H for identification? [236]

A. I can't fix a definite date, but in checking through our old records these sheets were found, and apparently filed in our files in 1936.

Q. Now, which of the two came first, if you know, of course, and in that connection perhaps I

(Deposition of Wallace R. Lynn.)

can offer this much assistance by a further question: Do the code names and the type numbers offer you any suggestion in that regard as to which of the two exhibits for identification came first?

A. No, they do not. The code names do not indicate which came first, but my guess is, and it would strictly be a guess, that Exhibit G came first—I mean were printed first.

Q. Exhibit G?

A. Yes, that would be a guess.

Q. Can you state how long it was after Exhibit G first came to your attention before you saw Exhibit H for identification?

A. No, but it was shortly after, I think. I couldn't tell. It seems to me as though these sheets may have come out at about the same time, and what makes me think that now is I believe we used Defendants' Exhibit G for general mailing and Exhibit H as a catalogue, insert sheet for jobbers' catalogues. I am not able to tell—I believe that H refers to the complete assembly, which includes the arm, the mechanism, and the control, and that G shows the individual items broken down as separate units.

Q. Do the list price figures suggest that to you? Is that what you had reference to?

A. The list price figures indicate that and also seem to confirm the fact that G was issued first and H came later, because we raised those prices.

(Deposition of Wallace R. Lynn.)

Q. In the search that you caused to be made this morning were your assistants at your place of business able to locate any physical specimens of the arms shown in Defendants' Exhibits G and H for identification?

A. No, couldn't find them.

Q. So far as you can recall, do Defendants' Exhibits G and H for identification correctly show the arms which you had for sale?

A. Yes. As a matter of fact, I think that the picture on Exhibit H is a photographic reproduction made from an actual photograph of the product. I am not so sure about G, whether that was a drawing or a photograph.

Q. How do the arms, signal arms on Defendants' Exhibits G and H for identification, compare with the first arm that Magarian exhibited to you after your conversation with him in March or April 1935?

A. How do they compare?

Q. Yes. A. They may be the same, as far as I can remember. I do not know whether we had this one first or whether we had the button type first, but it seems like this is the first arm he made. That is my impression.

Q. You took on the sale of that within sixty to ninety days from your first conversation with Magarian?

A. Yes, certainly, no later than sixty to ninety days after, my first conversation with him, and probably sooner than that.

(Deposition of Wallace R. Lynn.)

Q. Did you have the eleven Western States from the very beginning in your representation of Magarian?      A. Yes.

Q. Did you personally call on the trade in those territories?      A. Yes, sure. [238]

Q. Did you have any additional salesmen?

A. Yes.

Q. How many?      A. Five.

Q. Who were those salesmen; could you name them?

A. There have been some changes since that time, but—do you mean the starting salesmen, the men who were with me at the time we took on the Magarian arm?

Q. That is right.

A. Well, there was K. A. Brooks, and I am not so sure about these other fellows, as to whether they were there at the start or not, but if they were not there at the start, they certainly sold a lot of arm signals. There was C. C. Fortride, and Warren L. Mills, and Ralph G. Reimers—that is all that I can think of. We have more than five men in our organization, but not all of them were actively engaged in the sale of arm signals. I personally took the arm signal and opened most of the accounts myself, and then those accounts where, for one reason or another I didn't get to see them or didn't complete the sale, and the boys followed up; but I would say that most of the original accounts I opened personally.



(Deposition of Wallace R. Lynn.)

Q. Are some of those men still employed by you?

A. Yes.

Q. And where are they resident, in San Francisco or elsewhere?

A. No, one lives in Portland and the other lives in Los Angeles, and I have replaced the other two—well, I have four men in addition to the other two now.

Q. What is the name of your Los Angeles man?

A. K. A. Brooks.

Q. Is there anyone in your local office in the sales line who [239] was with you at the time you took on the first of the Magarian products?

A. Only myself. I do not think any other salesman here except myself.

Q. For the sake of clarity on the record, Defendants' Exhibits G and H for identification, as I understand it, represent the only catalogue sheets which the search made this morning was able to produce, is that correct, Mr. Lynn?

A. The only old ones. We have current sheets.

Q. I mean the old ones. A. Yes.

Q. And this conversation is related to Plaintiff's Exhibit C. Would you like me to restate that question so it ties in?

A. These sheets have nothing to do with Exhibit C.

Q. Right I am speaking of the period prior to Exhibit C. A. Yes. That answer applies to prior



(Deposition of Wallace R. Lynn.)

to the introduction of Exhibit C or the appearance of that on the market.

Q. If there were any other signal arms, Magarian signal arms, in addition to those depicted in Defendants' Exhibits G and H for identification prior to Plaintiff's Exhibit C, would there be any sheets gotten out on those?

A. I do not know. I don't remember, but I would think so. We did not make many arms with the buttons on them. I do not know whether we got out a sheet or not.

[Endorsed]: Opened and filed Aug. 1, 1940. [240]

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WALLACE R. LYNN,

called as a witness on behalf of plaintiff, being duly sworn, testified as follows:

Mr. Schapp: State your name to the Court?

A. Wallace R. Lynn.

Q. If your honor please, Mr. Lynn's testimony was taken before by deposition, and it was agreed the deposition might be introduced in evidence, but I would like to ask Mr. Lynn a few questions.

The Court. Proceed.

Q. Mr. Lynn, do you know Mr. Magarian?

A. Yes.

Q. What are your connections with Mr. Magarian?

(Testimony of Wallace R. Lynn.)

A. I represent him as salesman in the eleven Western States.

Q. Where do you reside?

A. In San Francisco.

Q. Is your place of business in San Francisco?

A. I have an office here and one in Los Angeles.

Q. Where is your office in San Francisco?

A. 2048 Market Street.

Q. Can you explain the general line of business you are engaged in?

A. I am a manufacturer's representative. We represent manufacturers of automotive, hardware, electrical and radio lines, when I say "we", I have other men in my employ, they do the same type of work, I do. We call on wholesalers, chain stores, and manufacturing plants, selling and soliciting business for lines we represent. [100]

Q. Among other things, you handle the signal arms of Mr. Magarian?      A. Yes.

Q. How long have you been connected with Mr. Magarian?

A. I think since the early part of 1935. I think when I had my first contact with him, I think we started selling along in September, 1935. I would have to check up, though, I am not sure about that.

Q. Mr. Lynn, I will show you a signalling arm, marked Plaintiff's Exhibit A, and will ask you whether you have seen this arm before, or one like it?      A. Yes sir, I have.

Q. Where have you seen that arm before?

(Testimony of Wallace R. Lynn.)

A. I have seen it a great many places, I have sold it and seen it manufactured. I have seen it in the plants and I have seen it on trucks.

Q. Can you identify this arm, as to who manufactured it?      A. I can identify this type.

Q. Have you been selling it?

A. Yes, we did sell this arm.

Q. For Mr. Magarian?      A. Yes.

Q. I will now show you, his second signalling arm, marked Plaintiff Exhibit C, will ask you whether you have seen this arm before and what you know about it?

A. Well, this is the arm that followed after this one. I have seen it before, certainly, we have sold a good many.

Q. Who manufactured this arm?

A. Mr. Magarian, the Industrial Scientific Company.

Q. Are you selling that arm for Mr. Magarian?

A. Yes.

Q. Could you approximately establish the time when you began selling that arm for Mr. Magarian?

A. This arm?

Q. Exhibit C?

A. It would be rather hard for me to guess on that. It would be strictly a guess. We started selling it as soon as Mr. Magarian had it ready for sale, whenever that was, that should be easily established by the factory records. I don't know whether [101] it was the middle of 1936 or the first

(Testimony of Wallace E. Lynn.)

part of 1937. I really couldn't tell you, as soon as it was ready for the market.

Q. Could you tell me in what sequence those arms were sold?

A. This one (indicating) was sold before. This was the first arm we sold.

Q. Now, I will show you a third arm, marked Plaintiff's Exhibit E, and ask you whether you have seen this arm before, and what you know about this arm?

A. Well, this is the Detroit arm. I have seen it before, seen arms of this type before.

The Court: What was that exhibit?

Q. Have you seen that arm before on the market?

The Court: Is that Plaintiff's Exhibit E?

Mr. Schapp: That is right.

The Court: How do you describe that?

The Witness: This is the Detroit Products Company arm.

Q. Have you seen that arm before on the market?

A. Yes sir.

Q. Where have you seen it on the market?

A. I have seen it in wholesale houses, more specifically Western Auto Supply Company, or some of the jobbers. I have seen it on trucks.

Q. I will now show you an arm marked Plaintiff's Exhibit D, and will ask you whether you have seen that arm before?

A. Yes sir.

(Testimony of Wallace R. Lynn.)

Q. What do you know about it, where have you seen it?

A. I have seen this arm around in the trade and on trucks.

Q. Now, Mr. Lynn, you are probably familiar with the main facts of the present controversy, it concerns a patent, a patent granted on Plaintiff's Exhibit D, and let me ask you, whether you know anything about the development of this arm, which the plaintiff claims is his invention, do you know anything about this development of this arm by plaintiff?

A. Well, I know that he worked hard on it. I know that he spent considerable time in various [102] designs in an effort to work out an improvement over the old arm. I had no active part in the actual design or development, that was his job. I know he worked on it for some months prior to the time it was ready in its finished form for sale, that is about all.

Q. Did you have any conferences with Mr. Magarian about the different problems involved in the manufacture of the signalling arm?

A. We had a number of conferences, during that period. He came up here and I was down there, discussing sales problems and the arm. We had any number of what you might term general conferences in which a great many subjects were covered, but during the development of the arm or while he was designing that one, we naturally, myself and other

(Testimony of Wallace R. Lynn.)

fellows, saw the various ideas. He had a number of ideas he was attempting to work out at that time. This was the final result.

Q. Calling your attention to the first Magarian arm, Plaintiff's Exhibit A, and the patented Magarian arm, Exhibit C, are you familiar with any particular problems that the plaintiff tried to overcome in the development of the second arm from the first arm?

A. Yes, he wanted—one point was to make it more visible at night, to make it a more efficient signal arm, so that it would act as a more effective warning sign at night.

Q. You, no doubt, are familiar with signal arms in general? A. Yes.

Q. You have a pretty good engineering education?

A. Only from experience, I have no engineering education.

Q. You have handled signalling arms for the last five years? A. That is right.

Q. You have seen many signal arms on the market? A. Yes.

Q. Could you point out, to his honor, just what differences, you see between these two signalling arms in their general effect?

A. The main features of this arm, over the first arm are the fact [103] that the actual inches of reflective area are considerably greater. In this one at night, when the headlights, that are approaching



(Testimony of Wallace R. Lynn.)

from either the rear or the front, it stands out brighter. It is a different type of reflector, this is a stimsonite lens, and it is lighter. I believe it is lighter in weight, it is finished a little better, they improved the finish considerably on the arm. I believe those are the general points. It is more efficient in every way. It is lighter in weight, it has a higher reflective area on both sides, considerably more. I believe those are about the only points I know of. Is there anything special I haven't covered.

Q. No.

A. It is better made all the way around, it is stronger, it has a higher reflective area, I think that is about all I could say.

Q. Would you consider this more attractive to the trade and easier to sell?

A. I think so. It is very well received by the trade. It is just my opinion, in every detail it is a better arm than the first one there.

Q. When did you first place this on the market, as I understand it, you handle all sales on the Western States?

A. We started from the time he started, I think we handled all the sales, in fact I know we did.

Q. Did you notice any difference in the sales volume or ease of selling, when you introduced this arm instead of Exhibit A.

A. Our sales increased very substantially.

(Deposition of Wallace R. Lynn.)

Q. Now, you know, of course, the Detroit Manufacturing Company? A. I know of them.

Q. You know of them as big competitors of Magarian? A. Yes.

Q. Do you know whether there are other manufacturers? Of signalling arms in the Western area?

A. There are a number of manufacturers of signalling arms, and I think there are several in this western [104] area, I don't know of anyone specifically, however.

Q. Could you generally give us an estimate of who the bulk of the signalling arms is handled by?

A. You mean what firms sell the bulk of all signalling arms? The Industrial Scientific Company and Detroit Products Company, I think between the two of us, we've got ninety per cent of the business.

Q. Now, you said you had seen Plaintiff's Exhibit E and Plaintiff's Exhibit d, on the market. Could you approximate the time when these two exhibits came on the market?

A. No, sir, I could not. The one with three reflectors came first, at least I saw it first and the one with the two reflectors is their present type, as I know it.

Q. What would you say comparing the two exhibits D and E with Plaintiff's Exhibit C, as to the similarity and sales appeal of the signalling arm?

Mr. Naylor: I think the exhibits really speak for themselves on that, your honor.

(Deposition of Wallace R. Lynn.)

The Court: Objection overruled. You may answer.

A. Well, I think there is a great similarity between Plaintiff's Exhibit E—is this Plaintiff's Exhibit E?

Q. That is Plaintiff's Exhibit E?

A. Is this Plaintiff's Exhibit C here? I think there is a great similarity between Exhibit E and Exhibit C.

The Court: You think they have the same sales appeal?

A. I think that the average man would find difficulty in telling the difference, if he saw them one at a time. If you took a truck driver and showed him this one and put it away and took out this one, I don't think he would know, on quick presentation, which was which. We found in our sales, that when this one came out——

The Court: What is that? [105]

A. This Detroit arm that they got a lot of business on. They got it in some cases from some of our customers, who were buying this arm.

The Court: Buying what exhibit, is that?

A. They were already buying Exhibit C, they bought these just more or less—they said it didn't look any different to them, it looked like the same arm, did the same thing; some liked the finish better on this, liked the paint job. They had various comments to make. In the case of larger buyers, they

(Testimony of Wallace R. Lynn.)

moved where they could get a better deal for themselves.

Q. How about Exhibit D?

A. Well, Exhibit D, of course, is the same shape, almost exactly the same shape as the other two. The only difference is it has the two reflectors on each side instead of three. It certainly, in appearance, is similar in shape, but is, certainly different in the fact it has two instead of three reflectors. They are longer than the others, so that it is not as easily confused, certainly, as these two others.

Q. Mr. Lynn, have you run across any particular instances where some of your customers, who had been in the habit of buying your signal, or rather the Magarian signal arm changed over to the Detroit arm?

A. Yes, we have had a number of those instances.

Q. Can you relate any particular instances?

A. Yes, Western Auto Supply Company in Los Angeles is one, and there are—I think I would have to guess because I haven't made any check of that, but there are a number of accounts that have bought Detroit arms and have bought ours.

Q. Who is the Western Auto Supply Company?

A. It is a chain store organization with headquarters in Los Angeles, operating some two hundred and fifty stores in the states west of Colorado and west. They do a tremendous automotive busi-

(Testimony of Wallace R. Lynn.)

ness in all automotive supplies [106] a very substantial account.

Q. Were they some of your best customers?

A. They were one of our best customers, and for that matter they are still a good customer. They bought our arm for all their stores for some time, they also bought some of the arms from Detroit. They bought the three reflector arm and did a big job on it throughout their entire chain. Later on they split the business. They gave over the California business to Detroit. We still have the business in Oregon and Washington. We lost the Colorado business because, so we were told, by the buyer in Denver and in Los Angeles, that they paid the freight where we didn't pay the freight at that time. It made a difference in the landed cost in Colorado. Later on, we met that by paying the freight.

Q. Did they sell then, buy then, your two window arm as well as the two window arm from Detroit. I want to find out whether the Western Auto Supply Company bought the two window arm from Detroit Manufacturing Company as well as the three window arm?

A. I can't tell you that, I don't know. I think they are buying it now. I think that is the current model of Detroit arm and if it is they are buying it.

Q. Did any of the purchasers of Western Auto Supply Company ever express an opinion as to the difference between the arms or their similarity?



(Testimony of Wallace R. Lynn.)

Mr. Naylor: Objected to as hearsay.

The Court: That is hearsay.

Mr. Schapp: That is all, Mr. Lynn.

### Cross Examination

Mr. Miller: Mr. Lynn, when you testified in the deposition that was taken—do you recall testifying at that time?      A. Yes.

Q. You made some mention of having something to do with tests made [107] on reflectors or lenses used on signal arms?

A. Not specifically on signal arms, on all types of signal devices but it covered reflectors generally.

Q. Those tests were conducted where?

A. On the highway at night.

Q. By whom?

A. Bill Sharkey and men in the Motor Vehicle Control.

Q. Is Mr. Sharkey with the Motor Vehicle Control of California?      A. Yes sir.

Q. Were you present at that time?

A. Yes.

Q. When was it those tests were conducted?

A. I couldn't tell you.

Q. Was it 1935?

A. I don't know. It was 1935 or 1936, yes.

Q. You put it in one of those two years?

A. It was at the time the Motor Vehicle Department of the State was being revamped, they were going to put in certain modern improvements in the Motor Vehicle Code to improve safety. They



(Testimony of Wallace R. Lynn.)

were checking reflectors for the back of trucks, lights, arm signals and a great many things. At that time we represented not only Mr. Magarian but we represented Libby Catafote Company or whoever manufactured these catafote reflectors. It was through that original contact in testing reflectors and signal arms and visibility and reflecting areas, that I worked with Mr. Sharkey. On the testing, I was merely there for observation in checking.

Q. Was that about the time when the State Officials of the State Highway Control began enforcing the requirements that trucks carry signal arms?

A. It was prior to that time, it was prior to the time the bill was passed by the legislature.

Q. About how long prior.

A. I couldn't tell you. It was during the test period which extended over a number of months.

Q. And did the type reflector that is shown here in Plaintiff's Exhibit A, was that subjected to a test at that time?

A. I couldn't [108] answer that either.

Q. You don't recall that particular type of reflector being subjected to tests?

A. Reflectors of all sizes, ranging from little tiny roadside buttons up to reflectors ten inches in diameter were tested. It covered such a range of reflectors that I couldn't say specifically, that this one was tested. It would be my assumption that it was because a great many reflectors were tested at that time.

(Testimony of Wallace R. Lynn.)

Q. How much time did you spend with the officials of the State Highway Patrol in observing or participating in these tests?

A. Oh, possibly eight hours.

Q. Eight hours?                      A. Yes.

Q. And were any conclusions or recommendations made at that time, at the conclusion of the test?                      A. No.

The Court: What has this got to do with the case? Why are you offering this evidence?

Mr. Miller: Because some testimony along that line was asked in this deposition that has been offered in evidence. I want to explore that a little bit further.

The Court: How is it material?

Mr. Miller: On the question of the recommendation of the State Officials as to the size of the lenses.

The Court: How can that aid the court in any way in determining whether or not this patent is valid or infringed?

Mr. Miller: I wanted to bring out several features. One, that enforcement of the State Code began in 1935; that naturally caused an increase in the sales of these signalling arms. Another thing is that the State officials saw these tests and came to the conclusion that the signal arm should have a large reflecting area on it. This suggestion came from the State not from Mr. Magarian [109] that the size of the reflector on the arm should cover as

(Testimony of Wallace R. Lynn.)

large a percentage of the arm as reasonably possible.

The Court: I still am unable to see how it is material.

Mr. Naylor: I think I can clear one phase of that point out. The plaintiff has offered a tabulation of his sales this morning, in 1935 to date, for the purpose on his prima facie case of showing it was public response to his article that caused the sales increase. We think we should be entitled to show through the questioning of Mr. Lynn that the market was created by the enforcement of the Act and anyone in the market would have an increase in sale because of enforcement, not because of superiority in the article, they had for sale.

The Court: You may proceed.

Q. Do you know whether or not the State did begin a rigid enforcement of the act in the years 1936, 1937 and 1938?

A. They began shortly after the Motor Vehicle Code became a law, that is the new one. I believe it was on September 1, either 1935 or 1936. I am inclined to think it was 1935. They did for several months. I wouldn't say it was rigid, it has never been what it should be.

Q. But there was a marked increase in enforcement about that time?

A. It was the only enforcement they had—they ever had. It was a brand new law.

Q. In making these tests were any of the re-

(Testimony of Wallace R. Lynn.)

flectors or reflecting devices rejected by the State as being unsuitable?      A. Any of ours?

Q. Of any kind?

A. I wouldn't know that. You didn't get a recommendation or the determination. The tests were made in the university by Professor Bender. The road tests were made by Sharkey of the Motor Vehicle Control. It was done the way that any of these things are approved. Professor Bender passes on the laboratory, photographic tests, Sharkey determines whether they met the [110] Motor Vehicle Code, then they accepted or rejected according to their two findings. The manufacturer and the interested parties have nothing to say about whether it shall be accepted or rejected. They can follow their suggestions or offer new ones but the final decision rests with the Department.

Q. Was this arm, Plaintiff's Exhibit A, submitted to Mr. Sharkey or the Control for acceptance or rejection?

The Court: I think he has already answered that. It's been approved. He said he didn't know what specific arms were exhibited or tested but he assumed that arm was there when the tests were made, isn't that so?

A. Yes.

The Court: Did you submit it?

A. No, sir.

Q. Now, you say you lost some of the business to the Western Auto Supply in the Magarian arms, is that correct?

(Testimony of Wallace R. Lynn.)

A. You say we lost some of it? Yes, I wouldn't say we lost it, they elected to buy the Detroit arm in certain sections of the territory, for what they told us, was price and equal appearance. They said the arm looked the same and the price was better.

Q. Did they make any complaint or comment about the superiority of the paint job?

A. They made comment about our paint job, they thought the finish of the paint job on the Detroit signal looked better. That was one man's opinion and frankly, I thought he was mistaken because I thought the finish on our arm was superior to theirs.

Q. At that time, do you know whether he had in mind the Detroit arm of Exhibit E or D, like this one?

A. At that time it was the one you have in your left hand, with the three buttons.

Q. That is Exhibit E. I will show you Defendant's Exhibit M, you recognize that arm?

A. I don't recognize that arm. I have seen arms similar. [111]

Q. Have you seen any arms which you would say were duplicates of that?

A. No, I couldn't swear to that. I have seen so many arms, I have seen arms that looked like it. I couldn't say I have seen an exact duplicate of it.

Q. How about this Exhibit M I now hand you, have you seen anything like that before?

A. Yes.



(Testimony of Wallace R. Lynn.)

Q. Do you recognize that as being a Magarian arm?        A. Yes sir.

Q. When did you see that first?

A. I couldn't tell you the date or even the approximate date. We sold these buttons—I believe that is our catafote buttons, we sold them to Magarian. I couldn't say when I saw that arm, as I told you, we represent Libby Catafote Company, and I think we sold those buttons or at least, certainly, we sold part of them to Magarian. I believe that arm was in between the one with the round buttons.

Q. This one, you mean (indicating)?

A. I think that is number 1; this is just my recollection. I think that is number 1 (indicating) I think the one with the catafote buttons, we call them catafote buttons, I think that was number 2. I maybe wrong, maybe that is first.

Q. Exhibit A is referred to as number 1 and Exhibit N is the exhibit referred by the witness as number 2.

The Witness: Yes. I would have to qualify that and check up a little because I don't know, which one was first or second if that means anything to you.

Q. Do you recall why the change was made from the round reflector in Exhibit A to the catafote buttons?

A. No, I believe however that the change was to try and get more visibility, a constant effort to improve visibility so that these things would be



(Testimony of Wallace R. Lynn.)

effective at night. That catafote button is of the same type that the Automobile Association uses on their highway signs. You have seen [112] them, on these signs that reflect when the light beam hits them. The State thought that they had better visibility than the flat type reflector, I believe, I am sure, that is the reason Mr. Magarian used them.

Q. In these highway tests was the Stimsonite reflector tested too?      A. Oh, yes.

Q. That was approved by the State at that time?

A. Yes.

Mr. Miller: That is all.

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MASICK C. MAGARIAN,

recalled as a witness on his own behalf. Previously sworn.

Mr. Schapp: I would just like to ask one more question. Mr. Magarian, referring to this memorandum or summary of abstract from your books, will you please advise the Court, how many signalling arms you sold between August 1936 and the end of the year 1937?      A. August, 1936?

Q. August, 1936 to the end of the year 1937?

A. You mean August inclusive?

Q. Inclusive, yes.

A. I see, if you want the exact total——

Q. Approximately?

A. Well, from August to December, 1936 in

(Testimony of Masick Magarian.)

round numbers, I would say a little over three thousand. Then in 1937 a tabulation is given for the twelve months, as 18832. I would say it is over—well, it would be over twenty-one thousand.

Q. The total would be around twenty-one thousand?      A. Yes.

Q. And were those arms all the patented signalling arms or would they include some of the older arms manufactured by you?

A. Well, after we had our new arm out, we had a small stock, in fact we tried to clean up all our stock at the time we introduced the new arm. We did have, I am sure, perhaps two or three dozen of the old type. However, practically all of it, you might say ninety-five or ninety-eight percent represents the new type arm, we manufacture now. [113]

Mr. Schapp: Thank you, that is all. At this time, I will ask that the pamphlet of Industrial Scientific Company, that your Honor has been looking, be introduced for identification and marked Plaintiff's Exhibit U for identification.

(The pamphlet was marked Plaintiff's Exhibit U for identification.)

Mr. Schapp: That is all for the Plaintiff, your Honor.

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Mr. Naylor: If the Court please at the opening of defendant's case, we will call T. A. Mitchell, who is present in Court, and ask him a few questions concerning his representation of the defendant.

## THOMAS A MITCHELL,

called as a witness on behalf of defendant, being duly sworn testified as follows:

Mr. Schapp: If your Honor please, at this time, I would like to make a motion, before the testimony of Mr. Mitchell is taken. Originally I started this action on the assumption that Mr. Mitchell was purely an agent of the defendant company, and that the defendant company was the main party in interest. I am still convinced that that is the actual case, but the defendants apparently want to produce evidence which might tend to show a different state of affairs, which might make Mr. Mitchell responsible, in his own right, as an infringer of the patent, either independently or separately or as a joint infringer or possibly in the alternative. I would like to make a motion that I be allowed to join Mr. Mitchell as one of the parties defendant in the suit so as to make sure there won't be any question on the issues.

Mr. Naylor: I think that motion is brought rather tardily.

Mr. Schapp: As I understand the new rules, a motion of this character may be made at any time.

The Court: Very well, let that be the order.

Mr. Schapp: The parties are exactly the same, the issues will [114] remain the same. There has only recently been brought out a new angle.

Mr. Naylor: These parties are both residents of the Southern District. Mr. Magarian is in Fresno and the Detroit Products Company is in El Se-

(Testimony of Thomas A. Mitchell.)

gundo. The defendant has gone to a lot of expense——

The Court: You are making Mr. Mitchell a defendant for what reason?

Mr. Schapp: Principally to maintain the jurisdiction of this Court, in case the facts should be proven different from what they are shown to be in the affidavits.

The Court: What rule did you have in mind, that such a motion is permissible at any time?

Mr. Schapp: I have in mind Rule 21.

The Court: Yes, well now Mr. Naylor, if you think there is necessity of a continuance you are entitled to it.

Mr. Naylor: I know the Court's situation. I don't want to duly prolong this trial, beyond any necessary point, but I can't conceive of this motion being brought at this late stage.

The Court: Well, I will consider that in connection with the motion you will probably hereafter make relating to jurisdiction.

Mr. Naylor: That would be quite satisfactory with us, your Honor.

The Court: I think I should grant the motion but I will hereafter permit you to argue the question at whatever length you deem necessary and I will consider it in the aspect of your suggestions.

Mr. Naylor: That will be very satisfactory with me, your honor. All the matter will be before you at one time. In that event, it might be advisable to

(Testimony of Thomas A. Mitchell.)

ask Mr. Mitchell a few questions, as a foundation for the motion we do contemplate making.

Direct Examination

Mr. Naylor: Q. What is your name, please?

A. Thomas A. Mitchell. [115]

Q. Where do you reside, Mr. Mitchell?

A. 30 Tamalpais Terrace, San Francisco.

Q. Are you in business in San Francisco?

A. Yes sir.

Q. In what sort of business are you?

A. At the present time, as a factory representative and warehouseman.

Q. Do you operate that business as sole owner, or are you connected with someone else?

A. Absolute sole owner.

Q. Is it conducted under your individual name or some other name?

A. Under the fictitious name of T. A. Mitchell Company. No one else is interested in it but myself and never has been.

Q. What particular line of merchandise do you deal in?

A. Automotive supplies mainly, I have sold a few little odd lines but it would be automotive supplies in general.

Q. How long have you been in the business?

A. I started in San Francisco in 1916.

Q. Where is your present location?

A. 537 Turk Street.

Q. Have you always been located at that address?

A. No, sir.

(Testimony of Thomas A. Mitchell.)

Q. Will you state briefly where you were located prior to 537 Turk Street?

A. At the Tilden Sales Building, 440 Market Street and Number 7 Front Street, I was there four years.

Q. In other words, your business has always been in San Francisco, since 1916?

A. Yes, sir.

Q. How long have you been at the Turk Street address?

A. I have been there approximately five years.

Q. Will you describe the nature of the premises at 537 Turk Street, taking first to the exterior of the building?

A. Well, it is a glass front with windows; only one door entrance, an ordinary door. The width of the building, I think, is eighteen or twenty feet, eighteen feet inside measure and about eighty feet deep.

Q. Is there a display window?

A. Yes sir. [116]

Q. Will you describe very briefly the interior?

A. It is a room approximately eighteen by eighty feet deep, concrete floor, supposed to be a class A building. Do you mean the contents, such as shelving and merchandise or just the building?

Q. The building that is sufficient. I show you, at this time, a photograph and ask you if you can identify that?



(Testimony of Thomas A. Mitchell.)

A. Yes, sir, it is a photograph of the premises at 537 Turk Street.

Q. Of your store? A. Yes sir.

Q. Do you know who took this particular photograph?

A. Yes sir, my son Herbert Mitchell.

Q. State approximately when it was taken?

A. Oh, about two months ago, two or three months ago.

Q. Now, directing your attention to the fact that certain lettering appearing to be on the windows on the premises, will you please read the writing?

A. T. A. Mitchell Company, Factory Representative. On the small window to the side are the words "No Retail" the street number is on each window there.

Q. Has there ever been any change in the lettering on the window? A. No, sir.

Q. At 537?

A. That was put on there when we moved into the building.

Q. It's been that way for that period of time?

A. All that length of time, just as it is there.

Mr. Naylor: We will offer that as Defendant's exhibit next in order.

(The photograph was marked Defendant's Exhibit 0 in evidence.)

Q. Do you recall having a business transaction with a Mr. Birkelund N. Hansen?

(Testimony of Thomas A. Mitchell.)

A. Yes sir.

Q. Will you explain — do you recall about when that was Mr. Mitchell?

A. I couldn't give you the date just now. I really don't—I haven't [117] it in my mind.

Q. Has it been a few months, some months?

A. Some months I will say.

Q. Will you describe to the Court in what respects, if any, the exterior of your premises differ from the day on which the picture was taken and the day Mr. Hansen entered your premises?

A. The only difference would be the window display.

Q. Did you change the display on your window from time to time?

A. Yes, about every three or four weeks, something like that, sometimes six weeks.

Q. What do you display in the window?

A. Some of the products we warehouse.

Q. Have you ever displayed the products of the defendant Detroit Products Company in the windows?

A. Yes, sir, there's been some of their signals in there.

Q. Can you describe briefly how the signals of the defendant are displayed or would be displayed in your windows?

A. Well, as I recall, they laid right along the front here. (Indicating) I laid them at an angle, possibly one right on this little front space, and

(Testimony of Thomas A. Mitchell.)

one angling this way, one angling that way. That would be as near as I could testify.

Q. Has there ever been a time when the Detroit Products Company products were the only articles in the window?

A. No, sir, they have been in with other items always.

Q. Who pays the rent to the premises, Mr. Mitchell?      A. We do.

Q. Does the Detroit Products Company make direct payments of the whole or any part of your rent?      A. No sir.

Q. How many employees have you?

A. You mean employees or sons?

Q. Employees?

A. One employee and my son is associated with me too, if you want to call it that way. [118]

Q. What are the duties of these two employees?

A. The inside boy is shipping clerk and stock clerk, keeping the stock. My son acts as salesman for me.

Q. Is he always at 537 Turk Street or does he travel, in his capacity as Salesman?

A. He travels.

Q. Who pays the salary of the shipping clerk?

A. T. A. Mitchell Company.

Q. That's you?      A. That's myself.

Q. Who pays your son's salary?

A. Myself. He works on a drawing account.

(Testimony of Thomas A. Mitchell.)

Q. How many lines do you represent at the present time, Mr. Mitchell?

A. Well, you mean as factory representative and warehouseman both? I would say about twenty or twenty-one lines, about that, the number varies.

Q. Have you always—you say it varies?

A. I let loose of some that are not prosperous and take on others at times, that are more successful. About twenty now.

Q. Will you describe briefly your method of operation?

A. Well, as factory representative, we solicit orders through our catalog and firms to make up our orders and send them to the factory. Those are sent directly to the customer, invoiced by the factory and the collections are made by the factory.

Q. You mentioned make an order, an order form, I will show you a paper and ask you to identify it?

A. Yes sir, that is a duplicate of our order blanks that we keep.

Q. How many copies of that particular type of order blank are made out by you?

A. Three. One we give the customer when the order is written, one we keep ourselves and the original goes to the factory.

Q. Will you describe briefly what transpires from that point, from the time you have mailed in your order form to the factory, do you [119] have anything further to do with the transaction?

(Testimony of Thomas A. Mitchell.)

A. No, nothing. In that case the factory makes shipment, invoices it to the customer and they do the collecting. Later on we are paid a commission on making the sale but we have nothing more to do with that except receiving our pay.

Q. That's on factory receipts?

A. That's on factory receipts.

Q. There is attached to the back of the order form which you have identified a single sheet, can you identify that?

A. That is the duplicate copy, in this case the Detroit Products Company sent to us a copy of the invoice they rendered to the customer.

Q. Did you have anything to do with the attachment of those two papers?

A. Yes sir, I pasted them together to make my record complete.

Q. That is part of your record?

A. That is part of my record.

Q. This is a complete specimen of a factory representing transaction as far as your record is concerned?

A. As far as my record is concerned, yes.

Q. I will offer it in evidence as defendant's exhibit next in order.

(The Documents were marked Defendant's Exhibit P in evidence.)

Q. Now, are there any other methods you employ in doing business for the factory?

A. As warehousemen, we fill orders from the



(Testimony of Thomas A. Mitchell.)

warehouse that would come in through the mail or telephone or by teletype and shipped from the warehouse, and in that event we make out triplicate copies of the warehouse delivery tag; the number 3 copy is given to the customer, the number one to the factory, who render an invoice to the customer and the second, we keep as our own.

Q. Will you please describe just what you mean by warehouse?

A. It is just for storage of merchandise for the purpose of distribution. We don't own any of it, it is there for distribution only.

Q. How extensive a space is it?

A. You mean my room? [120]

Q. Yes sir.

A. It is approximately eighteen by eighty feet, twenty by eighty, outside measurement.

Q. Is that wholly taken up by warehousing?

A. Except for the little office in the front. I have a little office in the front maybe ten by twelve.

Q. Do you carry large stocks for these various factories?

A. The stocks are for the purpose of emergency orders. The stock which we have here is for filling in emergency, pickup orders, we call them.

Q. You gave affidavits early in this case didn't you?      A. Yes sir.

Q. You represent the defendant, do you, Detroit Products Company?

A. We represent them, yes.



(Testimony of Thomas A. Mitchell.)

Q. What is your practice with the defendant, Detroit Products Company in filling orders from the warehouse stock?

A. Well, on small orders, say six, something like that, very small orders, they are filled possibly from the warehouse, if the customer asks it that way. On orders of a dozen or more, the orders go to the factory, and they are shipped from the factory.

Q. Have you established any set number on that?

A. Well, yes, twelve. The factory allows the freight on twelve, so naturally, buying that quantity prefers to have it when he buys it out of our place. He has to pay an additional warehouse fee.

Q. In connection with an earlier question and answer, I ask you if you can identify that paper as being part of your record?

A. Yes, sir this is an order my son took, on which, because of the size of the order we filled it out of the warehouse and shipped it to the customer at Hanford, California, ourselves.

Q. Will you describe the two sheets, do you find your order form there?

A. Yes sir, this is the duplicate copy of our order form.

Q. Do you find the factory invoice there?

A. This is our copy of the factory invoice. The original of the invoice went to the cus- [121]  
tomer. Those are mailed to us, as a matter of record to show the order has been shipped.

Q. We offer that as defendant's Exhibit next in order.

(Testimony of Thomas A. Mitchell.)

(The documents were marked Defendant's Exhibit Q in evidence.)

Q. You mentioned a moment ago that in the transactions, in which you fill orders from the warehouse stock at 537 Turk Street, that a warehouse charge is made, will you please explain to the Court what you mean by that?

A. As a rule there is a five per cent warehouse charge added to the customer's invoice. The customer pays the factory; at the end of the month or at the end of the commission time, that warehouse fee is refunded to us to cover our shipping cost. It is usually a five percent fee.

Q. Five percent of what figure?

A. Of the net invoice price.

Q. So the factory tacks that five per cent on to its invoice and then remits that five percent to you as a warehouse fee?      A. Yes sir.

Q. When the collection has been made, is that correct?

A. That is where we receive our compensation for the shipping and storage.

Q. Now, what is the significance, Mr. Mitchell, of the words "No Retail", which you say appear on one of the windows of your premises at 537 Turk Street?

A. That means we don't sell direct to the customers; orders that come in are billed to the jobbers. The individual might pick them up, but they are referred there by a jobber.

(Testimony of Thomas A. Mitchell.)

Q. What do you mean by a "jobber", will you explain that to the Court?

A. A jobber is a person who buys from factories, and resells to dealers. It is a wholesaling or jobbing business. They resell to dealers. That is the best explanation I can make.

Q. Are you personally acquainted among the jobbers in this metropolitan area?

A. Yes, sir, with most of them, virtually all of them.

Q. Is there ever a time when sales are made by you across your [122] counters, for cash, and if so, will you please explain the circumstances under which they occur?

A. Well, if a customer comes in, whose credit is not good, and has not been approved by the factory. We are obliged to sell to that customer on a cash basis. That is our instruction and that cash is remitted to the factory for the price of the goods they have bought.

Q. Now, does that occur in your sales to jobbers as a class?

A. There are a few jobbers whose credit is not good. We have a few we are obliged to sell to c. o. d.

Q. C. O. D. as far as you are concerned?

A. Yes.

Q. You collect the cash?                      A. Yes.

Q. And remit it to the factory?

A. At the end of the month we make a report of the miscellaneous cash sales and send it to the

(Testimony of Thomas A. Mitchell.)

factory.

Q. Is there any indication to the factory of the nature of the transaction, do you send them any record of any sort?

A. There is our regular warehouse delivery tag, which is headed as a miscellaneous cash sale, listing the number, the price of the item and the total is sent to the factory.

Q. I will show you a piece of paper and ask you if you can identify that?

A. Yes sir, that is a number two copy of our warehouse delivery tag.

Q. Is that such a tag as you have just referred to?

A. Yes, sir, this is a warehouse delivery tag for merchandise delivered out of warehouse.

Q. That would indicate, would it, a transaction over the counter, a C. O. D. transaction, would it?

A. Well, this was a peculiar case, because the customer came into the place and wanted to buy it. He didn't have any right to purchase it.

Q. By referring to the paper in your hand, would it be possible for you to recall the circumstances attending that particular sale? [123]

A. There were two men walked into the place, one asked me if I could sell him a signal arm like the one in the window. I asked him who he was, and he told me he was with some kind of a trucking and delivery company. I said this is a warehouse.

Q. Do you make a practice of asking for some

(Testimony of Thomas A. Mitchell.)

identification?

A. I don't sell anything to anyone that comes into my place that I don't know until they identify themselves. I told this man it could not be sold to him but if he knew a jobber, we could sell it to the jobber. He suggested Scovel and Sons and I said all right. He took the phone and called Scovel and Sons and talked for a minute and then the telephone was given back to me. Mr. Scovel gave me an order number, on which I could sell the man the merchandise, and also said to me to grant him a certain discount but to collect the cash because the man's credit wasn't good, which I could do. We got the arm out of stock, delivered it to him, made out a cash tag, as we call it, receipted the man for his money, and he took the arm and went out. Then later on, we made up this tag to send to the Detroit Products Company showing the transaction with Scovel and Sons. In other words we did make a record of having delivered the tag to the jobber. At the same time, we sent the usual third copy to Scovel & Son and we also send up the actual \$3.09 we collected, from the customer.

Q. You mentioned cash tag, can you identify that particular piece of paper?

A. Yes sir, that is the number one copy of the cash tag, we have. It is only in duplicate.

Q. Was that tag written by you?

A. The tag was written by the stock room boy, the actual ticket itself.



(Testimony of Thomas A. Mitchell.)

Q. Is there any writing on that?

A. There are notes, I made on it for my own reference.

Q. Will you explain to the Court the significance of the notes? [124]

A. I have written on here just what I did with the money, also the number of the warehouse tag. It was for my own notes that I wrote on there the number of this tag, for my own records, because I had the sales end of the tag at the end of the month. Then I mentioned this transaction was handled through Scovel & Sons, in fact their name is on top, by the way that order is shown here—the number of the order is 3114. They gave us that number when they made their tag out for the factory to handle. This shows I didn't pass the money through my cash book. This was a little unusual transaction. We don't usually collect money for the jobbers, we send the customer up for the jobber's order. When he comes back, we fill it for him and he either pays the jobber himself or settles with the jobber in his own way, because when he comes back with the jobbers order, we fill it.

Q. In that event, you have no collecting duty at all?

A. We have no collecting with that, at all.

Q. Now, on this particular transaction with Scovel & Sons, did you subsequently receive from Detroit Products Company, a copy of their invoice with Scovel & Sons, as you have previously de-



(Testimony of Thomas A. Mitchell.)

scribed is the practice?

A. Yes sir, we do for all of them.

Q. Can you identify this particular copy?

A. This is the copy they sent us of the invoice rendered from the Detroit Products Company to Scovel & Sons for the arm I sold to that man that day.

Q. I would like to offer these as a group exhibit, as defendant's exhibit next in order.

(Documents marked Defendant's Exhibit R in evidence.)

The Court: That includes the number 2 tag and the number 1 tag?

The Witness: It is the number 2 cash tag and the number 1 delivery tag, your honor, and a copy of the factory invoice.

Q. Do you make it a practice to list the names of the various [125] factories you represent at your premises, or in any way display the names publicly?

A. No, sir.

Q. By that, we understand that you don't have the firm names on your window?

A. No signs of any of them.

Q. Does that include Detroit Products Company?

A. That includes Detroit Products Company.

Q. Do the names of the various factories you represent, appear on your letterheads?

A. No sir.

Q. What about your bill heads?

A. Not on our bill heads.

Q. Do you know of your own knowledge whether

(Testimony of Thomas A. Mitchell.)

the Detroit Products Company keeps bank accounts in San Francisco?

A. I have no knowledge of that kind, no sir. The checks I receive are on Los Angeles bank accounts, they show that way.

Q. Do you know whether the name Detroit Products Company appears in the local San Francisco telephone directory?

A. I have never put it on there, I would say, no, it isn't in there.

Q. Now, a moment ago, speaking of salaries paid to your employees, that is your shipping clerk and your son? A. Yes.

Q. I just want to clear up one point, do I understand you to say that none of the factories pay any part of the salaries of those two employees?

A. No sir.

Q. They do not pay them?

A. No sir, none of it.

Mr. Naylor: That is all.

### Cross Examination

Mr. Schapp:

Q. Mr. Mitchell, if Scovel & Son or any other jobber, that you know, comes to your office or store, and asks for a half dozen Detroit signals, you will give him those half dozen Detroit signals out of that stock?

A. If he has a written order from the jobber.

Q. If the jobber comes himself, it would be the same thing?

(Testimony of Thomas A. Mitchell.)

A. If he sends a pickup man, yes. [126]

Q. That stock you have on hand is not yours but it is the stock of the Detroit Company?

A. It is the warehouse stock of the Detroit Products Company.

Mr. Schapp: That is all.

Mr. Naylor: That is all.

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Mr. Miller: I will offer in evidence a certified copy of the file wrapper contents of the patent in suit, number 2153634.

(The file wrapper was Marked Defendant's Exhibit S in evidence)

Mr. Miller: I will also offer in evidence a certified copy of the file wrapper contents of the design patent, number 109148.

(The file wrapper was marked defendant's Exhibit T in evidence.)

Mr. Miller: Would your honor prefer to have the prior patents, that were cited, included as a single exhibit or as separate exhibits, there are quite a number of patents?

The Court: I don't see any reason why they could not be introduced as a single exhibit and when you refer to them, you can refer to them by naming the number of the patent.

Mr. Miller: I will also offer in evidence, an uncertified copy of the prior patents, both United States and foreign, that were cited by the Examiner

in the two applications, as our next exhibit. I should inform the Court that of these, we have designated to the opposing counsel that the patents that we specifically rely on are the patents to Elliott, #1,415,817; Kimbrough, #1,600,887; Stimson, 1,807,350; Costenbader, #1,673,865; Reynolds, #1,873,033; Carter, #1,659,082; Miller, 1,860,719; and the British Patent to Dennis, #341,652. They have been segregated, temporarily from the rest and the others are offered, merely for the sake of completeness of the file wrapper.

(The documents were marked Defendant's Exhibit U in evidence.)

Mr. Miller: I will offer in evidence, defendant's interrogatory [127] Number 31 reading: "Does the plaintiff have any written license under any of the patents bearing the patent numbers listed in interrogatory number 29, The answer to this being: "No specific written license except as implied in correspondence and transactions."

Mr. Miller: Also Interrogatory 32 reading: "Has the plaintiff been in any way requested or required to apply the patent numbers listed in interrogatory 29 to the signal arms manufactured and sold by plaintiff or Industrial Scientific Company? The Answer being: "No specific request but consent implied in transactions."

Mr. Miller: Also Interrogatory 33 reading: "Are the patents having the numbers listed in interrogatory 29 owned by the person or concern that

supplies to plaintiff or Industrial Scientific Company the lenses that are used in the plaintiff's arms? The answer being: "Yes, as far as plaintiff is informed."

Mr. Miller: Interrogatory 34, reading: "Do any of the patents bearing the numbers listed in interrogatory 29 pertain to the construction of a signal arm as distinguished from the lenses that the plaintiff may manufacture in his arms and their method of manufacture?" The answer being: "No, as far as plaintiff is informed."

Mr. Miller: Interrogatory 35, reading: "What is the normal distance between the point where the patent numbers listed in interrogatory 29 are applied to the plaintiff's arms and the nearest lens on the plaintiff's signal arm?" The answer being: "Approximately five inches."

Mr. Miller: I notice that all these interrogatories refer to the patent numbers in Interrogatory 29, so I will offer that interrogatory also. It reads: "Has the plaintiff or Industrial Scientific Company sold arms bearing any of the following patent numbers? 1,591,572; 1,671,086; 1,743,834; 1,807,350; 1,848,675; [128] 1,895,173; 1,906,655? The answer is: "Yes."

Mr. Miller: There may be one or two other interrogatories, I would like to have an opportunity to check on them during the noon recess. I will next offer in evidence the depositions filed, that were taken of the witnesses, L. E. Smith and H. E. Smith.



That may be offered as a deposition and deemed read?

The Court: Yes.

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L. E. SMITH,

called as a witness on behalf of the defendant, being first duly sworn, testified as follows:

Direct Examination

Q. By Mr. Miller: State your full name, please, Mr. Smith.      A. Larnie E. Smith.

Q. Where do you live, Mr. Smith?

A. 2156 Hatchway, Compton.

Q. What is your occupation?

A. I am not doing anything right at the present time. I was a truck man, is what I am, a truck operator.

Q. Were you a truck driver?

A. No; an operator. I owned the trucks.

Q. You were engaged in the trucking business with a fleet of trucks, were you?

A. Yes, sir.

Q. What is your age?      A. 44.

Q. Are you acquainted with Mr. Wallace, who is sitting here in this room?      A. Yes, sir.

Q. About how long have you known him?

A. As near as I can figure, I have known him ever since 1930. [175]

Q. Did you ever visit his place of business?



(Deposition of L. E. Smith.)

A. I have been over there twice in the last ten years.

Q. Do you recall approximately when it was that you first went to his place of business?

A. It was right after the earthquake in 1933, the first time I was over to his place of business.

Q. What earthquake do you have reference to?

A. The one we had here in California.

Q. Down at Long Beach?

A. Yes. I think that was March 2 or 5 or some place right in there.

Q. Did I get the year straight? Was that 1923 or 1933?      A. 1933.

Q. Did you observe anything that was being manufactured in Mr. Wallace's plant during your visit there in 1933?      A. I did.

Q. What did you observe?

A. I watched him work on some signals and I watched him work on some boosters.

Q. Will you describe these signals which you saw him working on?

A. Well, they were nothing only—or the quickest way to explain is I watched him mold these things here in [176] these here signals like this.

Mr. Miller: I will ask that this signal be marked as Defendant's Exhibit D.

Q. Referring to Defendant's Exhibit D, you say that you saw him forming these side plates that are shaped like an arrow?      A. Yes, sir.

Q. And what part of the forming operation did

(Deposition of L. E. Smith.)

you see?

A. They were molding this here raising here or this raise, is what they were doing.

Q. That runs down the center?

A. Yes, sir.

Q. About how many of those plates did you observe them working on?

A. That is guesswork. There was a big stack of them. I couldn't tell you how many were in that stack.

Q. Did you see any of the signals made up completely?      A. Not that day.

Q. Who was with you at the time that you went to their place of business?

A. My father.

Q. Was anybody else present besides your father and Mr. Wallace and you?

A. Mr. Wallace wasn't there but his brother was there. We call him "Bud". I don't know what his name [177] is because I have never seen him but once or twice in my life.

Q. Did you ever purchase any signals from Mr. Wallace?      A. Yes, sir; lots of them.

Q. Approximately when was it with relation to this first visit?

A. That was about two or three weeks afterwards I purchased the first two signals.

Q. How did the signals that you purchased from Mr. Wallace compare with Exhibit D?

A. Well, as near as I can remember, there were

(Deposition of L. E. Smith.)

two things on this one, I think, the same as that one, that is, made exactly the same. It had these little buttons on and it had this diamond shape in here instead of this oval shape. They had these diamonds in here on both sides.

Q. Was the shape of the two side plates the same?

A. As near as I can remember, exactly the same.

Q. Was it painted a light color like that?

A. They weren't when they were making them but they were when I got them; yes. And they were riveted together just like that.

Q. Riveted along the edges here?

A. Yes, sir. It was two pieces riveted together.

Q. And was the end reflector or button larger than the buttons along the length of the arm? [178]

A. Yes, sir.

Q. On both sides? A. Yes, sir.

Q. Were the end reflectors approximately the same size as these end reflectors that are on this exhibit? A. Yes, sir.

Q. How about the smaller reflectors? Were they about the same size?

A. The same size exactly, only except as I told you it was different.

Q. Did the arms that you purchased have an angular end on them like this angular end here?

A. Yes, sir.

Q. What did you do with the signals that you purchased from Mr. Wallace?

(Deposition of L. E. Smith.)

A. I put them on my trucks.

Q. Do you still have any of your trucks?

A. No, sir.

Q. What became of the trucks?

A. I sold them all two years ago.

Q. Did you sell them with the arms on them?

A. Yes, sir. I wouldn't swear it was these same arms then because I bought a later style and put on them but I bought all of my arms ever since 1933 from Mr. Wallace.

Q. I hand you what purports to be an invoice of the [179] Detroit Products Company. Do you know anything about that?      A. Yes, sir; I do.

Q. What is that?

A. That is an invoice I got on May 10, 1933 for a bunch of clearance lights and reflectors, fuses and arm signals.

Q. Is that the invoice for the first two signal arms like Exhibit D that you purchased from Mr. Wallace?      A. It is.

Q. Prior to the time that you gave this invoice to me last week, had that invoice been in your possession continuously since the time that Mr. Wallace delivered it to you?      A. Yes, sir.

Q. Is that invoice in the same original condition that you received it from Mr. Wallace, aside from the application of this red ink number on it?

A. Yes, sir.

Q. That red ink number there is what?

A. It is my file number.

(Deposition of L. E. Smith.)

Q. You took delivery of the signal arms similar to Exhibit D when with relation to the date of that invoice?      A. The same day.

Q. Did you purchase any later arms from Mr. Wallace?      A. Yes, sir.

Mr. Miller: I will now offer in evidence Defendant's [180] Exhibit D, and I will offer in evidence the invoice of May 10, 1933 as Defendant's Exhibit E.

Q. I will hand you another invoice, dated January 26, 1934, and ask you if you know anything about that invoice.      A. This is okay.

Q. Did you receive that from Mr. Wallace?

A. Yes, sir; we did.

Q. I notice on the invoice a reference to an arm. Do you know what that has reference to?

A. Arm signals.

Q. Of this character like Defendant's Exhibit D?      A. Yes, sir.

Q. Did you receive a signal arm like Defendant's Exhibit D on or about January 26, 1934?

A. Yes, sir.

Q. Did you use that on your trucks?

A. Well, I had that on all of the trucks. I undoubtedly did. Of course, we sold lots of them also.

Q. Approximately how many altogether of the arms of this character did you buy from Mr. Wallace?      A. I don't have any idea.

Q. Would you say as many as a hundred?

(Deposition of L. E. Smith.)

A. Well, I wouldn't say it was exactly that many. It might be, though, now. Between me and my brother we sold oodles of them. [181]

Q. Would you say it was more than twenty-five?

A. Yes.

Mr. Miller: I will offer the invoice of January 26, 1934 in evidence as Defendant's Exhibit F.

Q. I show you a check, which appears to be dated June 13, 1933. Do you know anything about this check? A. Yes, sir.

Q. Is that your check that you drew?

A. Yes, sir.

Mr. Schapp: Is that an "L" there or an "F", the first initial there?

Mr. Miller: You can ask him on cross examination.

Q. This check was made payable to Mr. Wallace?

A. Yes.

Q. In payment for signals that you purchased?

A. Well, that was signals. It was this invoice here for a bunch of more stuff, boosters and stuff.

Q. That is, this invoice of May 10, 1933?

A. Yes.

Q. I notice that invoice totals up \$21.22, whereas, your check is payable in the amount of \$36.10.

A. Yes. But wait a minute. I took some more stuff out of his car that he had with him and put on the trucks while he was there and it made it that amount.

Mr. Miller: I will offer the check in evidence as



(Deposition of L. E. Smith.)

Defendant's Exhibit G. You may cross-examine.

[182]

Cross Examination

Q. By Mr. Schapp: Mr. Smith, in your direct examination I understood you to say that there were two points of difference between this arm and the arm you originally purchased and you brought out only one of the points, which was that the little buttons were somewhat different shaped from this. What was the second point you had in mind?

A. These holes were different than these here, different sizes.

Q. How much did you pay for those signals?

A. I couldn't tell you. The invoice there shows you.

Q. I call your attention to the fact that on one of these exhibits the price is \$1.75 per unit and on Exhibit F it seems to be 75 cents. Doesn't that seem to indicate those were different items?

A. No. Those were the same items. The price didn't spell so much because when he came along and had one he let me have it. So far as the price is concerned I don't know. I bought everything as cheap as I could.

Q. Do you mean to say there was no standard price for the articles?

A. The standard price was \$1.75 when he first started but later on we got some a whole lot cheaper.

Q. When did you first see this arm here?

(Deposition of L. E. Smith.)

A. This one here, this original one here? [183]

Q. Yes.

A. Last Tuesday. Wasn't it last Tuesday we were up here, Mr. Miller?

Q. Do you know where the arms are that you originally bought?

A. No; I couldn't answer that because they were on the trucks. So I couldn't tell you where they are at. I have no idea.

Q. Do you mean to say that there are some hundred arms that you bought and you couldn't locate any one of them?

A. I don't know how you could locate them. Some of the trucks are in wrecking yards and some of them are in the northern part of the State and everywhere else. I don't know where they are at.

Q. I don't seem to be able to read the date on this check. Can you tell me what the date of that check is?

A. That check was written May 3, 1933.

Q. By Mr. Miller: May?

A. Yes, sir; or June, it is. The cancellation date is on here and you can look at that. And that is the 13th instead of the 3rd. There is a "1" in front of that "3". It was cashed on the 15th according to the cancellation.

Q. By Mr. Schapp: The actual year doesn't seem to appear on either the cancellation or the check.

A. It says "1933" on there in ink. [184]

Mr. Schapp: All right. That is all.

(Deposition of L. E. Smith.)

Redirect Examination

Q. By Mr. Miller: Just one question, Mr. Smith. Did I understand you to say that the small buttons on Exhibit D were of a different shape or were they round like this?

A. No. You don't get me. They were exactly the same size as these but, when the light hit them, they had a diamond effect like this here. I never saw these diamonds until last Tuesday.

Q. In other words, the reflecting surfaces that you see in here of the small buttons were similar to the reflecting surfaces in the large button?

A. Yes, sir; that is it.

Q. But the shape and size of the entire reflector were the same? A. Yes.

Mr. Miller: That is all.

Mr. Schapp: That is all.

Mr. Miller: Will you waive the reading and the signing, Mr. Schapp?

Mr. Schapp: Yes.

The Notary: And does the witness waive the examination and signing of the deposition?

The Witness: Yes. [185]

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H. E. SMITH,

called as a witness on behalf of the defendant, being first duly sworn, testified as follows:

Q. By Mr. Miller: What is your full name, Mr.

(Deposition of H. E. Smith.)

Smith?           A. Henry Edwin Smith.

Q. And where do you live?

A. In Compton.

Q. What is your present occupation?

A. Just kind of a lackey boy, is all I can tell you. I haven't got much of an occupation. I help the boy around the garage, just running errands and things like that.

Q. What is your age, Mr. Smith?

A. 64 years.

Q. Are you related to the L. E. Smith who was just in here testifying?           A. Yes, sir.

Q. What is the relationship?

A. I am his father.

Q. In 1933, did you have any occasion to be around his place of business?

A. Around L. E. Smith's, do you mean?

Q. Yes.

A. Oh, yes; I was there every day as far as that is [186] concerned.

Q. Did you ever visit the place of business of the Detroit Products Company or that of Mr. Wallace, who is sitting here in this room?

A. Yes, sir.

Q. About when was it you first visited his place of business?

A. Well, as well as I remember, it was about 1933. That is the time, I think. It was right after the earthquake. I couldn't give you the date of the month or the date of the week but we had a little

(Deposition of H. E. Smith.)

business over there. We were trying to buy a truck cab from him. He had a house trailer, that is, he was building one. I mean Mr. Wallace was building one on a truck and we tried to buy it. Or he was having it done. He wasn't doing the building.

Q. Did you observe any arm signals being made at Mr. Wallace's place of business on this visit?

A. I did; yes, sir.

Q. Will you describe what you saw in this connection?

A. Well, sir, they had a pile of them laying there and I looked them over. They looked just like that except they didn't have these buttons on and they were not painted and the arm wasn't there but, outside of that, they were identically the same thing as far as my knowledge is concerned from looking at them at that time.

**Mr. Miller:** Let the record show that the witness [187] referred to Defendant's Exhibit D.

Q. You say in connection with this arm Exhibit D that it didn't have these reflector buttons on?

A. No. It was in the making. It wasn't painted or anything but the form was all made up to here. They had a pile of them laying there.

Q. You refer, then, just to these sheet metal parts?        A. Yes.

Q. Was the angular end on the arm?

A. No; it wasn't on the ones I was looking at.

Q. Did those that you were looking at have this raised center portion running down the center of

(Deposition of H. E. Smith.)

the arm like you see it here?

Mr. Schapp: I object to that as leading.

A. Yes; exactly like that.

Q. By Mr. Miller: Did they have any rivet holes in them?

A. Well, now, I just picked them up and looked over them. They were not fully made. They were in blank form. I couldn't swear whether they had rivet holes in them or not.

Q. At any later date did you ever see any completed arms made up from the type of plates that you saw down there?      A. Yes.

Q. About how much time elapsed between your visit [188] and the time that you saw the completed arms?

A. Well, to the best of my knowledge, it couldn't have been over two or three weeks because my son had bought some. He was trucking and he had them laying on his desk and I was looking at them over home after he had got them to his place of business.

Q. That is, your son had obtained some?

A. He had obtained some of these for his trucks. He was trucking at that time and he got some of those from Mr. Wallace.

Q. Did you ever see any of these arms similar to Exhibit D on any of your son's trucks?

A. Yes, sir.

Q. How did those completed arms that you saw on your son's trucks compare with this Exhibit D?

A. Well, the same but these little reflectors seem



(Deposition of H. E. Smith.)

to be different. There is a little different glass in here than there was at that time but the big one looks about the same. To the best of my knowledge, the big ones were the same and the little ones were a little different glass of some kind. Just the reflectors were changed there, is all.

Q. Were the littles ones circular?

A. They were round just like this. As far as my knowledge is concerned, I don't know the kind of glass that was in there but they don't seem like that.

Q. Were they about the same size? [189]

A. Yes.

Q. How about the big ones?

A. They were the same thing.

Q. Was the completed arm that you saw on the truck painted white?

A. It was painted white.

Q. Did the completed arm that you saw on the truck have these angular ends on them?

A. Yes, sir.

Q. Were the two holes in it like that?

A. Yes, sir.

Q. When did you see those arms on the truck with relation to the time that you first saw those on your son's desk?

A. Oh, it was right after he had got them. He put them right on his rig. I don't know the date, though. I couldn't tell you that. That would be absurd.

(Deposition of H. E. Smith.)

Q. Do you know whether your son used those arms on his trucks throughout the latter part of 1933?

A. He did; yes, sir. He used them on them.

Q. Do you have any idea how many trucks were equipped with these arms by your son?

A. No; I don't. He didn't have but three or four trucks and I don't know whether he had them on all of them or not. I remember him having them on a big White truck he had and another one that he had there. He had two of [190] them as well as I remember. Two arms is what he bought at the time he first got them. I never asked him, though, how many he got. I never butted in or asked any question about it whatever.

Q. Were those arms that were on the trucks riveted along the edges like the rivets on this exhibit?

A. Yes; they were similar to this here rivet here. I suppose that is what held the arm on but I don't know.

Mr. Miller: You may cross-examine.

Mr. Schapp: No cross examination.

Mr. Miller: Do you waive the reading and signing by the witness, Mr. Schapp?

Mr. Schapp: Yes.

The Notary: Does the witness waive the reading, examination and signing of the deposition?

The Witness: Yes. [191]

Mr. Miller: It is hereby stipulated that, if Frank

(Deposition of H. E. Smith.)

Fred Hartman, named in the notice as Fred Hartman, were called as a witness, he would testify that his correct name was Frank Hartman; that he lives at 225 West 115th Street, Los Angeles; that he has known Mr. Wallace since 1930 and that he is a plumber; that about the middle of May, 1933, he called at Mr. Wallace's place of business for the purpose of going bowling with Mr. Wallace; that Mr. Wallace was then busily engaged in filling an order for signals of the same type as Defendant's Exhibit D and that Mr. Hartman assisted Mr. Wallace is assembling these signals together so that he could get away to go bowling; that he would set the date with reference to his having rented a new place on May 1, 1933 and having borrowed a truck from Mr. Wallace to help him move, and that this event, when Hartman assisted in assembling the signals, took place on the evening of the day that he brought the truck back and this was about the middle of May, 1933. In fact, Hartman would set the date as being on a Sunday evening in the middle of May, 1933.

Mr. Schapp: I so stipulate.

Mr. Miller: That is all.

[Endorsed]: Filed Aug. 2, 1940. [192]

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Mr. Miller: I will also offer in evidence the defendant's arm, the defendant's Exhibit D referred to as such in these depositions.

The Court: It is already in, isn't it?

Mr. Miller: It is only in evidence, as a part of the deposition. We are calling attention to it in connection with the deposition.

The Court: What deposition, Smith?

Mr. Miller: Yes, there were two Mr. Smiths, and both of them refer to this exhibit.

The Court: Yes.

(The arm was marked Defendant's Exhibit D in evidence.)

Q. Mr. Miller: I will offer Defendant's Exhibit E, referred to in the depositions of Smith, this being an invoice of the Detroit Products Company bearing date of May 10, 1933.

The Court: What is that attached to?

Mr. Miller: That is attached to the deposition of the two Mr. Smiths.

The Court: In connection with the two depositions?

Mr. Miller: Yes sir.

The Court: How is it marked there?

Mr. Miller: Defendant's Exhibit E.

(The invoice was marked Defendant's Exhibit E in evidence.)

Mr. Miller: I also offer in evidence, as Defendant's Exhibit F, the Exhibit F in connection with the depositions. That is an invoice of the Detroit Products Company, dated January 26, 1934.

(The invoice was marked Defendant's Exhibit F in evidence.) [129]

Mr. Miller: I also offer in evidence the Defend-

ant's Exhibit G in connection with the Smith depositions, this being a cancelled check, dated June 13, 1933, payable to Mr. Wallace, and signed F. E. Smith.

(The check was marked Defendant's Exhibit G in evidence.)

The Court: We will take a recess until two o'clock.

(Thereafter a recess was taken until two o'clock p. m. this day.)

#### Afternoon Session

Mr. Miller: I will offer in evidence the deposition of Cecil L. Armstrong and ask that the same be considered deemed read.

The Court: Yes.

#### CECIL L. ARMSTRONG,

a witness on behalf of the defendant, being first duly sworn, testified as follows:

#### Direct Examination

Q. By Mr. Miller: What is your full name, Mr. Armstrong?      A. Cecil Lincoln Armstrong.

Q. And where do you live?

A. Oxnard, California.

Q. And what is your occupation?

A. Truck owner.

Q. Are you engaged in the trucking business?

A. Yes, sir.

Q. What is your age?      A. 45.

(Deposition of Cecil Armstrong.)

Q. Are you acquainted with Mr. Wallace, who is sitting here in this room? A. Yes, sir.

Q. About how long have you known him?

A. Well, I have known him practically—let's see—about 20—no; about 16 years.

Q. Did you ever buy any signal arms for use on your trucks from Mr. Wallace? A. Yes, sir.

Q. I will show you a signal arm and, disregarding [202] the rusted appearance of this particular signal arm, I will ask you to state whether or not you ever bought any signal arms that appeared similar to that? A. Yes, sir.

Q. Were they exactly the same as that construction, disregarding the rusted appearance of it?

A. Yes, sir.

Q. Approximately when was it that you bought such a signal arm from Mr. Wallace?

A. In 1932.

Q. In 1932? A. Yes, sir.

Q. Do you have any written record pertaining to the purchase of a signal arm from Mr. Wallace in 1932?

A. Yes. I have a check and a stub there.

Q. I will hand you a check numbered 11,086 and ask you what that is.

A. It was payments for a signal arm and a signal, as is written in the check there or the stub; for lights and a signal.

Q. And is that check written in your own handwriting? A. Yes, sir.



(Deposition of Cecil Armstrong.)

Q. That was delivered to Mr. Wallace approximately when?      A. On April 6th.

Q. 1932? [203]      A. 1932.

Q. I will hand you a book of stubs and ask you what this is.

A. This is a stub that connects up with that check. It is No. 11,086.

Mr. Schapp: May I look at that?

A. Yes.

Q. By Mr. Miller: This book is a book of check stubs of all checks that you were issuing at or about that time?      A. Yes, sir.

Q. Is this stub of check No. 11,086 written in your own handwriting?      A. Yes, sir.

Q. I notice that written on the stub is "for Lites, Signal".      A. Yes, sir.

Q. That had reference to this signal of the type that you now have and what else?

A. And light bulbs.

Q. Light bulbs?      A. Yes.

Q. Are all of the stubs in that book of stubs written in your own handwriting?

A. No. My wife did some of them. This is her handwriting here.

Q. The handwriting on the stub of check No. 11,087 [204] is your wife's?

A. That is my wife's.

Mr. Miller: I will offer in evidence the signal as Defendant's Exhibit I. I will offer in evidence the check as Defendant's Exhibit J and I will offer

(Deposition of Cecil Armstrong.)

in evidence the book of stubs, and particularly the stub for check No. 11,086, as Defendant's Exhibit K.

Q. Did you ever purchase any other types of signals from Mr. Wallace besides this signal that you now have, Defendant's Exhibit I?

A. Yes. I think, in 1926 or 1927, I bought an arm signal with a hand like that.

Q. Similar in shape to your own hand?

A. Yes. It had an arm on it up here where the control hooked onto it, to set it at different angles.

Q. After you bought a signal in 1932 similar to Defendant's Exhibit I, did you buy any further arm signals from Mr. Wallace?

A. Yes, to require with the law.

Q. Will you describe the type of signal that you bought from Mr. Wallace after having purchased Defendant's Exhibit I or a signal like it?

A. Well, it was a signal made something similar to this, with an arm on it and it had a raised center and one big red button, I believe, and three small buttons.

Q. On one side or on both sides? [205]

A. On both sides.

Q. I will show you Defendant's Exhibit D. How did those signals that you are now speaking of compare with that exhibit?      A. That is like it.

Q. Did the signals that your purchased from Mr. Wallace have the raised center portion?

A. Yes.

Q. Running along the center of each side like that exhibit?      A. Yes, sir.

(Deposition of Cecil Armstrong.)

Q. Were the reflector buttons about the same shape and size?           A. Yes.

Q. Approximately when was it that you bought signal arms from Mr. Wallace of that character?

A. In 1935, I believe, was the time we bought that.

Q. Did you use signal arms of the character of Exhibit D on any of your trucks?           A. Yes.

Q. Did you use a signal of the type exemplified by Defendant's Exhibit I on any of your trucks?

A. This?

Q. Yes.           A. Yes; we used this.

Q. Do you know where the signal arm that you purchased [206] from Mr. Wallace in 1932, similar to Defendant's Exhibit I, now is?

A. No; I couldn't say.

Q. Do you still have the truck it was put on?

A. No.

Q. Do you know where the truck is?

A. No; I wouldn't know.

Q. Did the arm of the character of Defendant's Exhibit I, which is that one there, remain on your truck until you sold it?           A. I believe it did.

Q. Approximately when was it that you sold the truck?

A. I made a change in trucks in 1934 and I believe that this truck went in that bunch that I traded off.

Mr. Miller: You may cross examine.

(Deposition of Cecil Armstrong.)

Cross Examination

Q. By Mr. Schapp: Mr. Armstrong, referring to this arm, Defendant's Exhibit I, this specimen which I hold in my hand here, you never really used that, did you?

A. No; not that particular one; I didn't.

Q. When you testify with respect to this personally, you merely testify from memory?

A. Yes; from memory.

Q. When did you first see this arm?

A. The other day in the attorney's office here.

[207]

Q. In Mr. Miller's office here? A. Yes, sir.

Q. When was the question of this suit first brought to your attention?

A. I just don't remember now when it was. Let's see. Approximately two weeks ago, I would say.

Q. Approximately two weeks ago?

A. Yes.

Q. Who brought it to your attention?

A. Mr. Wallace.

Q. Where was that? A. At my home.

Q. Will you please relate just what happened at that time?

A. He told me that he had a suit come up against him for infringing on a patent right, and he asked me if I had ever bought any signal arms off of him

(Deposition of Cecil Armstrong.)

in 1932 and I said yes. Then he asked me if I would come down here with him to the attorney's office and I said yes; I would be glad to.

Q. When did you first see this arm, this particular specimen, I mean, Defendant's Exhibit D?

A. In the attorney's office here.

Q. And, if you testified that you bought similar arms in 1935, that is from memory only?

A. Yes, sir.

Q. Your comparison between the arm you supposedly [208] bought in 1935 and this arm is merely from memory?

A. Yes, sir.

Q. Do you know when this arm was made, Defendant's Exhibit D?

A. No; I don't.

Q. Do you know who made it?

A. The Detroit Products made it.

Q. I beg your pardon?

A. The Detroit Products.

Q. Isn't it customary for a company to put their name on an arm manufactured by it for the market?

Mr. Miller: That is objected to as incompetent, irrelevant and immaterial and not proper cross examination.

A. I don't know as to that.

Mr. Schapp: That is all. [209]

Mr. Miller: Defendant's Exhibit J referred to in that deposition which is a check signed by Mr. Armstrong payable to Mr. Wallace dated April 7,

1932, and also Defendant's Exhibit K and book of check stubs of this book of check stubs the stub for check Number 11086 is specifically introduced.

(The check and the book of check stubs were marked Defendant's Exhibits J and K, respectively.)

Mr. Miller: I will offer Defendant's Exhibit I referred to in the deposition.

(The arm was marked Defendant's Exhibit I in evidence.)

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FLOYD E. WALLACE,

called as a witness for defendant, being duly sworn,  
testified as follows:

Direct Examination

Mr. Miller: State your name to the Court, please?      A. Floyd E. Wallace.

Q. Mr. Wallace, you are one of the defendants named in this action?      A. Yes, sir.

Q. Where do you live?

A. At 218 Loma Vista St., Sl Segundo, California. [130]

Q. Who is Mr. Percy J. Elwell?

A. He is a co-partner of mine, as owner of the Detroit Products Company.

Q. He lives where?

A. There are two parts to the house, two units I believe it gives the same number, 218 Loma Vista St., I don't think it's 218½.



(Testimony of Floyd E. Wallace.)

Q. El Segundo? A. That's right.

Q. How long have you been engaged in manufacturing arm signals for trucks?

A. I started in 1927.

Q. At El Segundo?

A. At Wilmar. I moved to El Segundo in 1930, we moved our business to El Segundo.

Q. Both Wilmar and El Segundo are in Los Angeles County? A. That's right.

Q. Will you describe briefly the first type of signal arm you were manufacturing in 1927?

A. It had the shape of my hand drawn onto a piece of tin and cut therefrom and clamped and hinged and attached to a truck. It was long enough to reach out beyond the widest portion of the body. That was required by law, that it should be of that type of signal that would reach beyond the cab. It so stated in Section 130 of the Motor Vehicle Code adopted in 1925.

Q. That is the Motor Vehicle Code of the State of California? A. Yes.

Q. I will show you a duplicate of Defendant's Exhibit A, that is attached to the interrogatory answers and ask you whether on the illustration of that exhibit, it shows the type of signal arm you were manufacturing and selling in 1927?

A. It does other than it is a pencil drawing and not as good looking as the product itself. That is a circular we passed out to the trade.

Q. In 1927? A. In 1927, yes sir.

(Testimony of Floyd E. Wallace.)

Q. It was intended to illustrate the arm you were selling at [131] that time?

A. It is installed on the vehicle it would be used on.

Mr. Miller: I will offer this circular in evidence as Defendant's Exhibit A.

(The circular, attached to Defendant's Answers to Interrogatories, filed March 23, 1940, was marked Defendant's Exhibit A in evidence.)

Q. Did you make any later form of arm for trucks that was a change from that arm that was shown in Defendant's Exhibit A?

A. Yes sir in 1931.

Q. Will you describe briefly, what kind of an arm that was?

A. It had a long shaft, I say a long shaft, about sixteen inches long, on the point of that was a round circle. It had a large reflector button, I say large, about an inch and a half or an inch and three-quarters on the very end of the shaft. It had three small reflector buttons on the arm or straight portion of the shaft. Those buttons were on both sides, by the way.

Q. I show you a blue print, do you know anything about this blue print, can you identify it?

A. Yes sir, that originated at our place of business, that is not the—this is a reproduction from old parts of signals we had there.

Q. Does this top arm, that is shown in this blue print, illustrate the type of arm you have just described?

(Testimony of Floyd E. Wallace.)

A. Yes sir, only that, there isn't enough difference in the drawing of the size of the reflector on the very end of the arm in comparison with the three on the shaft, that is the difference, this reflector on the circle end should be just twice the size of this because these are three-quarter or one and one-half inch. I don't just recall the size of them.

Q. The outer reflector was about an inch and a half and the three inner reflectors were about an inch?

A. About three quarters of an inch. [132]

Q. Three quarters of an inch? A. Yes.

Q. You manufactured and sold that type of arm when?

A. In 1931. There was only about fifteen or sixteen of those made, of that particular type. The reason we didn't make it, we cut it out with tin snips and it was too hard to make the circle.

Q. Was the body of the arm made out of one piece of sheet metal?

A. Two pieces of sheet metal.

Q. Riveted together at the top——?

A. Of a long shaft.

Q. Did it have a raised center portion or not?

A. It had a raised center portion. It had to have a raised center portion to take care of a small stud that was on the reflector buttons, license plate fasteners, I believe they call them, it is a small nut to clamp it in behind, and in that raised portion it was necessary to have a recess space to hold those units

(Testimony of Floyd E. Wallace.)

on the arm. The raised portion also gave strength to the signal.

Q. Now, referring to the lower of the two figures that are on this blue print, does that illustrate any type of arm you made?

A. Yes, this lower signal is made up of parts—this part down here was parts of stamps that was used on, I believe, the wigwag signal. I took them and fastened them to a piece of flat metal, making a sort of working model, to get prices from die manufacturers as to what it would cost to make dies. The prices they gave me and the amount of signals we were selling, didn't warrant spending that much money, because it didn't—we kept on with the type we were making prior to this. We only made two working models and submitted them, for prices, to the die shop. Not being a good draftsman, it was easier to make the working model than to pay the cost of the die man. He had the presses and could readily give us the prices of those dies.

Q. Did you ever sell that type of arm as shown in the lower two [133] figures?

A. Yes sir, I did.

Q. To whom?

A. To Armstrong Trucking Company at Oxnard, California.

Q. Do you recall approximately when?

A. It was in the early part of 1932.

Q. I will offer the blue print in evidence as Defendant's Exhibit C.

(Testimony of Floyd E. Wallace.)

Mr. Schapp: I will object to it, your Honor, as not being properly identified. It may have been made yesterday, for all it shows.

The Court: When was it made?

The Witness: It wasn't made yesterday, it is three or four months old. It is made up<sup>1</sup> from a signal we did have in our possession, and is the same type that was sold. I made two of them as I stated. So far I have been unable to find the second one, we used it on our own truck.

The Court: Was this figure on the blue print made from memory?

The Witness: The figures on the blue print would be identification marks of drawings——

The Court: You say you had these blue prints made about three months ago?

The Witness: Those ones there are not more than three or four months——

The Court: Where is the original?

The Witness: I am not able to tell you that.

The Court: Who drew those figures on that blue print?

The Witness: The man that drew it.

The Court: Who?

The Witness: I believe Mr. Elwell made that.

The Court: When?

The Witness: When that blue print was made?

The Court: When? [134]

The Witness: Three or four months ago, five months ago, before——



(Testimony of Floyd E. Wallace.)

Mr. Miller: Let me clear it up. The drawing was prepared in response to interrogatories. I am merely introducing it as being illustrative of what the witness is testifying to.

The Court: It may be admitted for that purpose.

(The blue print was marked in Evidence as Defendant's Exhibit C.)

Q. I hand you Defendant's Exhibit I, do you recognize this arm?           A. Yes sir.

Q. What is it?

A. That is the signal, that was our working model, that was made to submit to the die makers to get prices for dies.

The Court: You have already testified about it. You have already mentioned it in your testimony haven't you?

The Witness: Yes sir.

Q. Is that the arm that was sold to Mr. Armstrong?

A. That is the same type of arm that was sold to Mr. Armstrong.

Q. Did you make any further type of arm for use on trucks beside these you have already mentioned?           A. Yes sir.

Q. Will you describe those?

A. The next signal that we made was in the form of an arrow carrying raised portions in the middle for stiffening purposes. It had an arrow shape on the end and using the same hinging arrangement all of our signals have—carrying the same hinging arrangement.



(Testimony of Floyd E. Wallace.)

Q. I show you Defendant's Exhibit D, do you recognize that arm?      A. Yes sir.

Q. What is it? Is that the one you made up?

A. Yes sir.

Q. Did you sell that kind of arm?

A. Yes sir.

Q. Very many of them?

A. I would say, maybe, of this particular type, the very thing I have in my hand, I would say three or four thousand of them.

Q. What were those arms used on generally?

A. This particular size [135] arm was used on school buses.

The Court: On what?

The Witness: School buses.

Q. Do you recall any bus companies or school bus companies that purchased those arms and used them on their buses?

A. This type of arm I sold to Gillig. I believe he had a bus manufacturing place on Van Ness Avenue here in San Francisco, at that time.

The Court: When was that?

A. This arm was sold in 1931, 1932 and on up to 1935.

The Court: That is Defendant's Exhibit D?

Mr. Miller: Defendant's Exhibit D.

Q. Will you explain to the Court how those reflectors are fastened to that arm?

A. The reflectors are fastened to the arm, and attached to this reflector, is a small stud that is

(Testimony of Floyd E. Wallace.)

threaded. There is a nut on the back of it, about, Oh, I would say, three-sixteenths of an inch thick, and all of them are the same. They all are fastened firm to the annexed portion inside. The nuts are concealed.

Q. There is a hole in the raised center portion that the stud goes through? A. Yes sir.

Q. And a nut on each stud? A. Yes.

Q. In the space of the center portion of the two plates, you have the end of the studs coming toward each other, and a nut on each? A. Yes.

Q. Do you know Mr. Smith?

A. Yes, I know him.

Q. Did you ever sell any arms to Mr. Smith?

A. Yes sir.

Q. Approximately when?

A. I have sold Mr. Smith arms of that design in 1933.

Q. I will show you Defendant's Exhibit E, the invoice dated May 10, 1933, do you recognize that invoice? A. Yes sir.

Q. What is that invoice?

A. That is an invoice governing a bill [136] of merchandise I sold to Mr. Smith.

Q. Is that written in your own handwriting?

A. My signature is on there, "Paid. Wallace", the pricing of the invoice looks to be mine.

Q. Do you know whether or not that invoice had reference to an arm of the character of Defendant's Exhibit D?

(Testimony of Floyd E. Wallace.)

A. Yes sir, it has reference to that arm signal.

Q. Did you deliver the arm like Defendant's Exhibit D, to Mr. Smith at the time of the invoice, May 10, 1933?

A. Yes sir.

Q. Now, did you make any other style of arm besides this character Defendant's Exhibit D, and those that you have previously described?

A. Yes, we made one almost the shape of that, only that we put six reflectors on each side of the signal instead of four, as is on that one, on that signal. We used Libby Western catafote buttons.

Q. I will show you what appears to be a circular, do you recognize that circular?

A. Yes sir.

Q. What is it?

A. That is a circular distributed to the trade, illustrating the signal using the Western catafote buttons.

Q. You had those printed up for your use and distribution to the trade?

A. Yes sir.

Q. Approximately when?

A. The latter part of July or the early part or the middle part of August of 1935.

Q. Did that signal as illustrated in that circular did that have a raised center portion of the plate?

A. Yes sir.

Q. And have the marginal flanges?

A. Yes sir.

Q. And they were riveted together?

A. Yes sir.

(Testimony of Floyd E. Wallace.)

Q. How are the Western catafote buttons marked on that?

A. They are riveted to each body portion of the arm down the center.

Q. And the inside rivet heads are located where?

A. In that raised center portion on the three main—Three of the reflectors on the shaft. [137]

Q. Did you make up and sell those signals in 1935, as illustrated in this circular?

A. Yes sir.

Q. Were they generally sold throughout the state?

A. Yes sir.

The Court: How many did you sell?

A. I would say an average of five, six or seven hundred a month, at the time when they were first introduced in the latter part of the year of 1935. When the enforcement started, we sold as many as one thousand a month from the middle of September, 1935 to the end of the year, about a thousand a month.

Q. I will offer the circular in evidence as Defendant's Exhibit B.

The Court: What circular is that?

Mr. Miller: That last circular the witness was talking about as Defendant's Exhibit B.

(The circular was marked Defendant's Exhibit B in evidence.)

Q. I hand you an arm, Mr. Wallace, do you recognize this arm?

A. Yes sir, that is an arm signal we made in

(Testimony of Floyd E. Wallace.)

the latter part of 1935, and until the last three months we continued to make them. They were used on school buses and a different length is used for trucks. The shorter ones we have continued to make, they are used on school buses.

Q. Did you sell arms of that character in 1935?

A. Yes sir.

Q. And beginning when, what part of 1935?

A. The latter part of July or the middle of August.

Q. And sold generally throughout the State?

A. Yes sir.

Q. I will offer the arm in evidence as Defendants Exhibit with the next number.

(The arm was marked Defendant's Exhibit V in evidence.)

Q. Did you undertake to make any later style of arm for use on trucks or school buses, than those you have previously described?

A. Yes sir. [138]

Q. Describe the later type?

A. The later type of signal we made and offered for sale carried the same general appearance of that one, except it had—we had eliminated the two pieces which had formed the arrow. We used three reflectors on that arm instead of six.

Q. I will show you Plaintiff's Exhibit E is that the type of arm you have referred to?

A. Yes sir.

Q. You started making that type of arm when?

(Testimony of Floyd E. Wallace.)

A. The early part of 1938.

Q. When you speak of the early part, what do you mean by that?

A. Well, I would say, maybe in January or February.

Q. In January or February, 1938, when you started making that kind. Where did you get the reflectors you used in that exhibit?

A. From the Jose Glass Company.

Q. The Jose Glass Company?

A. That's right.

Q. Located where?

A. I believe that is at Point Marion, Indiana, but I am not sure.

Q. Approximately how many signal arms of that character, represented by Plaintiff's Exhibit E, did you manufacture?

A. About five hundred.

Q. About five hundred?      A. That's right.

Q. You sold them, generally, did you?

A. That's right.

Q. Did you sell any to the Western Auto Supply Company?      A. Yes sir.

Q. How long did you continue to make that style of arm?

A. I would say between four—maybe six months.

Q. Until about what time, what date, can you give the approximate month?

A. July or August, probably in July.

Q. 1938?      A. That's right.



(Testimony of Floyd E. Wallace.)

Q. Did you submit that type of arm to the State Officials for approval?           A. Yes sir.

Q. What reaction did you get to that?

A. Inspector Sharkey and I took this arm into the basement, and the Inspector stood back in [139] the hall about as far away as from here to the end of the building, in the dark and put the flashlight on it. I was told, "Well, Wallace, I don't believe it will cut the buck." Of course, not in those words. "I would suggest that you get that over to the test laboratory at Berkeley. They will tell you, very shortly, how much visibility the reflectors have." I went from the basement with the inspector, back to his office, and in the conversation he said: "Now, if you want something, I know is good, you contact the Guide Lamp Company. They will furnish you with a lens that I am positive will give the reflection necessary." I contacted the Guide Lamp Company, furnishing them with the same sketch of a lens as I have in this signal, and they, in their response to me, they said: "Well, now, we can't furnish you a signal lens about that shape. We are furnishing that type of lens to another account. Am I going too far, to make one answer, or will I continue?"

Q. Continue.

A. They said, however we are not in a position to furnish you a lens of this design, and shape. There is a signal out using that type of lens and you are apt to run into patent difficulties. They

(Testimony of Floyd E. Wallace.)

told me, you can see the patent list on this signal, if you want to investigate what signal it is.

Q. I will show you a letter which purports to be addressed to you dated April 5, 1938, which happens to be the date the plaintiffs design Patent was issued, is that the letter of response, you have referred to?

A. That is a letter from the Guide Lamp Company. I am not in the light here where I can read it, will you read it to me?

Q. This letter is on Guide Lamp Division of General Motors Corporation letter head, addressed Detroit Products Company, 210 Main Street, El Segundo, California, attention: Mr. Floyd E. Wallace. [140]

“Gentlemen:

We are in receipt of the copy of your letter of March 12 to Mr. J. C. Stimson of Chicago, together with attached sketch of the Stimsonite lens with the request that we furnish you quotations.

We note from this sketch that this type of lens is similar in design to one we have been furnishing another customer for several years. An inspection of the part in question reveals the fact there are many patent numbers listed on this article, and while we cannot state definitely if there are any patents on this particular design of lens, we are wondering if you would

(Testimony of Floyd E. Wallace.)

be interested in a lens of a different design in order that there will be no confliction between the lens you contemplate using and the one we are furnishing our customer? In any event, we would be pleased to have your further comments after you have had the opportunity of considering the above.

Very truly yours,

GUIDE LAMP DIVISION  
GENERAL MOTORS CORPORATION

W. A. ROETTINGER

Sales Department." [141]

Q. Is that the letter you received?

A. That is the letter I referred to.

Q. You did send to him, with the letter of March 12, a sketch to indicate what kind of lens you wanted them to sell you?

A. I first tried to buy them from Stimson but I didn't get any response. I wrote to Guide Lamp Company, on Mr. Sharkey's suggestion, and, in the meantime, they had received from Stimson that letter there. They received a letter that they refer to that I wrote to Stimson.

Q. You sent a sketch to Stimson that was referred to them and that sketch showed the shape of the reflector?

A. That is right.

Q. What was the shape of the reflector?

(Testimony of Floyd E. Wallace.)

A. The shape of the reflector is the shape of this reflector here.

Q. That is Plaintiff's Exhibit E?

A. That is right.

Q. Now upon receipt of this letter from the Guide Lamp Company, did you submit to Guide Lamp Company any other sketch?

A. Yes, I did.

Q. Will you tell us what kind of a sketch you submitted to them?

A. The sketch I sent to Guide Lamp Company was a sketch of a lens about six inches long with a pointed end, a sort of an arrow end, to point direction.

Q. Did Guide Lamp Company prepare any drawing in conformity with this later sketch that had a pointed end on the reflector?

A. Yes sir.

Q. Now I will hand you a print or drawing and ask you if you recognize that?      A. Yes sir.

Q. And what is that print. How did you happen to get that?

A. As I recall, the sketch I sent to them they sent back with a correspondence saying that the bars that make the molds, those molds are made up with a series of small bars, I had to draw in a 32nd of an inch narrower so that they could fill the full surface of the inner part of the lens and not have a flat space; otherwise they [142] could not put in an extra bar, they would have to take some off

(Testimony of Floyd E. Wallace.)

the lens, either widen it or narrow it a sixteenth of an inch, or widen the lens, I just forget the dimensions, but it was within an eighth of an inch. As I remember, it proved easier to narrow the lens that sixteenth or thirty-second of an inch, rather than to widen it.

Q. So instead of accepting your sketch——?

A. They made that small alteration, as I remember it they even widened the nose just a little to take care of some condition, so they could taper off on the line. I have correspondence somewhere about that.

Q. Did you receive that drawing you now have in your hand, from the Guide Lamp Company?

A. Yes sir.

Q. This drawing bears date of May 9, 1938, does that in any way, fix in your mind, approximately when it was, in relation to that date, you received this print?

A. Well, it would be about that time, because, as I recall, we didn't get started to operate, to make signals until maybe, oh maybe, thirty days later, something like that.

Q. After you received this drawing from Guide Lamp Company, did you then order lenses from Guide Lamp Company of the design shown on this drawing?

A. Yes sir.

Q. You say that was within thirty days after that, or about that?

A. There was no lost time. I believe they were giving me as fast service as is possible.



(Testimony of Floyd E. Wallace.)

Q. I will offer the drawing in evidence as Defendant's Exhibit——

(The drawing was marked in evidence as defendant's Exhibit W.)

Q. I will offer the letter of April 5, from the Guide Lamp Division in evidence as——

(The letter was marked in evidence as defendant's Exhibit X.)

Mr. Schapp: If your honor please, there is an objection to that as hearsay. They are trying to prove by that letter that Guide [143] Lamp Company thought that this lens wasn't an infringement on the Magarian lens. That is purely hearsay.

The Court: It doesn't make any difference what they thought about it. Objection overruled.

Q. Now, after you were able to obtain the pointed lens from Guide Lamp Company of the shape illustrated in the drawing, defendant's Exhibit W, did you thereafter continue to make any arms of the character of *Defendant's* Exhibit E?

A. No, sir.

Q. Did you take any steps to recall arms of the character of Plaintiff's Exhibit E?

A. Upon request, from Inspector Sharkey of the Division of Motor Vehicles—he advised me that lens wasn't satisfactory and that the department would so rule them off the road. Then I did recall them, as many as possible, as many as I could find, I believe I got almost all of them.

Q. Were you able to secure any back from Western Auto Supply?



(Testimony of Floyd E. Wallace.)

A. Almost three hundred, they bought a portion of them, as I remember, it is from memory, I am speaking. I have got somewhere in the invoices of that time, credit memorandums that we have issued for merchandise returned.

Q. When you secured those back from Western Auto Supply and others, did you substitute for those you got back, an arm of the character of Plaintiff's Exhibit D?      A. Yes sir.

Q. Did you make any substitution of your arm, Plaintiff's Exhibit D, for Plaintiff's Exhibit E here, on trucks on the road?      A. Yes sir.

Q. And since, you say about July that you discontinued E, you never made any more of these?

A. No sir.

Q. Will you state approximately when it was that the State Officials began to enforce this provision of the Motor Vehicle Code that you say was enacted in 1925?

A. The actual enforcement of the Code relative to signals was started in 1931 upon school buses. [144] The State Board of Education insisted at that time that all school buses must have a signalling device, front and rear of mechanically, manually operated, mechanically controlled, not electrical. The Highway Patrol Department enforced that Code on that portion of the operators at the request of the State Board of Education.

Q. That was when they began to enforce the use of the arm on school buses?

A. Oh, signals on trucks. That was in 1935, the

(Testimony of Floyd E. Wallace.)

second enforcement came after, thousands of signals had been sold, then the Department saw the benefit of signals on trucks, the Code was revised to word that "any vehicle operating on the highway one half hour after sundown until one-half hour before sun-up, shall have a mechanical or electrical device that will be illuminated by reflex reflectors or electrical bulbs." That is about the wording of it. That was enacted when the body convened and enforcement took place about sixty or ninety days thereafter, which was about September of 1935, and at that time our business jumped double.

Q. You did notice a marked increase in the sale of arm signals after September, 1935?

A. Yes sir.

Q. Continuing through 1936?

A. Yes sir, and to this date.

Mr. Miller: That is all. You may cross-examine.

#### Cross Examination

Mr. Schapp: Q. Do you understand the patents that were offered in evidence, here, against the signalling arms and against plaintiff's patent?

A. I have read them, in my counsel's office.

Q. You have been in the business of manufacturing signal arms for some thirteen years?

A. About twelve.

Q. Twelve or thirteen years?

A. That's right.

Q. Are you familiar with all the arms that have been on the market during that time, preceding 1935, let us say?

(Testimony of Floyd E. Wallace.)

A. Yes sir, with most of them, I have a general idea. [145]

Q. Now, Mr. Wallace, in all your experience, and all the information you have in your mind on signalling arms, have you ever run across a signalling arm that existed prior to, say, November, 1935 that looked exactly like this arm, Plaintiff's Exhibit C?

A. Prior to 1935?

Q. Yes?

A. Will you state that question again?

Q. Did you ever run across any signalling arm that existed prior to November 1935, that looked exactly like the signalling arm, Plaintiff's Exhibit C?

A. No, sir, I have seen some that looked very similar to it.

Q. In all your experience with signalling arms, did you ever run across a lens used in a signalling arm that looked just exactly like the lens that forms part of Plaintiff's Exhibit C?

A. I have seen some that looked similar to it.

Q. Similar to it, I mean exactly like it?

A. Exactly like it, no.

Q. What is the nearest lens you have even seen that is nearest to this?

A. That lens, similar to that was commonly used in tail and stop lights.

Q. They were oblong lenses?

A. Not necessarily, they were oblong and they were diamond shape.

Q. When did you see those?

A. Oh, I have seen some about in 1932.

(Testimony of Floyd E. Wallace.)

Q. Just describe those lenses, will you?

A. They were possibly a bit wider than what you have there. They were used in stopping, in a left and right stop taillight combination that was made back as far as 1925.

Q. Were they stimsonite?

A. No, did they have to be?

Q. Well, I asked you just exactly like this?

A. No.

Q. Prior to November 16, 1935, which is two years prior to the application date, did you ever run across a plate that would look exactly like this plate, I am showing you now, which forms a part [146] of Plaintiff's Exhibit C?

A. One similar to that.

Q. Not exactly like it?

A. Not exactly, so similar it would take no imagination to continue with that.

Q. I am not asking an opinion, I just asked you whether you run across——

A. Not exactly.

Q. Did you ever run across a washer exactly like this, or a separator, that was in existence prior to November 16, 1935?

A. Let me examine that please. Yes, that is just a piece of tar paper.

Q. Did you ever run across a washer used in a signalling arm of this shape?

A. No.

Q. Now, Mr. Wallace, I will ask you when you adopted this arm, Plaintiff's Exhibit E, which as I understand it you adopted on or about January, 1938, from your testimony?

A. That is right.

(Testimony of Floyd E. Wallace.)

Q. Were you familiar with the arm of Magarian, as exemplified in Plaintiff's Exhibit C?

A. No sir.

Q. Do you remember, Mr. Wallace, in response to a question asked in an interrogatory, you made this answer? (Shows interrogatory and answer to witness)

A. Yes, I remember that answer. I said I wasn't sure if I knew of it.

Q. At that time, did you know Mr. Magarian?

A. No, I never had met the gentleman.

Q. Did you know about Mr. Magarian's business in Fresno, did you know there was such a concern as Industrial Scientific Company in Fresno?

A. Yes sir.

Q. Were you familiar with the market at that time? Of course you had been in business in signalling arms for about ten years, at that time. ...

A. Yes sir, I was familiar with the market at that time.

Q. Did you hear the testimony of Mr. Magarian that at that time there must have been some two thousand of those signal arms on [147] the market all through the State of California and through the Western States? Did you hear Mr. Magarian testify to that?

A. No I don't imagine I did hear him say that during his testimony.

Q. You mean to say here, that the two thousand of these signalling arms on the market, right within



(Testimony of Floyd E. Wallace.)

your own territory, that you didn't know about this signalling arm when you adopted yours in January, 1938?

A. There is no proof there was two thousand of those out.

Q. Is that your testimony?

A. That is my answer to your question.

Q. How did you happen to develop this arm, Plaintiff's Exhibit E?

A. I took the signal arm that I had made since 1931 and cut the lips—will you hand me that arm (indicating) so I can go on intelligently?

Q. Is this the one?

A. That one (indicating) is the first one. Give me either one, it doesn't make any difference. To develop the arm I have merely eliminated——

Q. (Interrupting) If your Honor please, if I may interrupt, I said two thousand, there were twenty thousand arms according to the testimony, at that time.

A. (continuing) I merely took this edge here off, and inserted three lenses therein.

Q. It was entirely, purely accidental, your development of the same arm as Mr. Margarian had on the market, with twenty thousand on sale and had been marketed in the State of California?

A. I don't agree there are twenty thousand. The testimony wasn't all brought out here in Court this morning.



(Testimony of Floyd E. Wallace.)

Q. Mr. Wallace, isn't it a fact that you are the only one that infringes the Magarian arm?

A. I don't infringe the Magarian arm.

Q. That you are the only one that places on the market an arm similar to Magarian or similar to the two arms here?

A. To the best of my knowledge I am the only part of an organization that [148] manufactures an arm of that type, yes sir.

Q. Haven't you rather enjoyed the benefit of the patent, during these last two or three years, you have had it on the market?

A. What do you mean by enjoyed?

Q. The benefit of the monopoly that no one else infringed——

A. I wouldn't say I did.

Q. That you were able to ride along with Mr. Magarian under his patent protection and keep everybody else out?

A. I would say I developed the signal business up to where the Highway Patrol noticed it, revised their Code, because we are one of the thirteen states in the United States that require arm signals. I made them eight years before any other signals were sold to speak of. The enjoyment that I received from the signal business today is from the efforts of going to one truckman and getting him to buy a signal, and to another, until the Highway Patrol noticed it and did pass a law that would enforce the Code.

(Testimony of Floyd E. Wallace.)

The Court: You contend that was done through your efforts?

The Witness: Yes, sir. I don't believe there was a signal made until 1937, that any more than fifty or seventy-five of them were sold, while I have my figures, a stack that high (indicating) that were bought from me.

The Court: Prior to the time of the application of this patent?

The Witness: Yes.

Q. You had no intention of riding along with Mr. Magarian's protection?

Mr. Miller: I object to that question.

The Court: Objection sustained.

Q. Did you write this letter?

A. Will you read the letter, please, my eyesight is bad.

Mr. Miller: I think we can stipulate that he did.

[149]

Mr. Schapp: I will read it into the record, a letter from Detroit Products Company, addressed to Industrial Scientific Company, Fresno, California, attention: Mr. Masick C. Magarian:

"Dear Mr. Magarian:

My attorney has informed me that he has received word from Mr. Schapp, your attorney in San Francisco, in regard to your claim that I am infringing on your so called patents.

As you well know, I am not infringing on any rights of yours, and consequently will pay you

(Testimony of Floyd E. Wallace.)

nothing, but there is one matter that I would like to call to your attention before you yourself undertake the expense of a law suit and force me to do the same.

You have now what purports to be patents pertaining to signal arms, but you and I both know that all your claimed patents find their origin in articles that I have been making for a long time. Now, if you insist on going to Court and the Court is shown this, they will declare your patents invalid, and, of course, the only consequence of this is, whereas now no manufacturer that might be your competitor and mine, not knowing the history of your claimed inventions, will risk entering the field, but once this matter is brought before the Court and the same are found to be invalid, instead of having one competitor you will have any number of them.

I, therefore, suggest that you reflect on the origin of your devices and the consequence of having the Court declare them to be invalid before undertaking to sue me.

Yours truly,

DETROIT PRODUCTS CO.

FLOYD E. WALLACE

By FLOYD E. WALLACE."

[150]

A. That is my dictation.

Q. That is your dictation?

A. Yes.

(Testimony of Floyd E. Wallace.)

Q. I will offer this letter in evidence, and will ask the same be marked Plaintiff's Exhibit——

The Court: For what purpose is it offered?

Mr. Schapp: It is offered to show the mental attitude of Mr. Floyd E. Wallace, who was perfectly willing to enjoy the patent protection of the patent, but not to pay tribute to it.

The Court: I don't think the letter is what you think it is.

Mr. Schapp: The letter clearly indicates it in my opinion, the letter speaks for itself.

The Court: It doesn't clearly indicate at all that he is to enjoy somebody else's patent. He wrote a straightforward letter to your client.

Mr. Schapp: He says in substance here, that "you and I together can enjoy the patent".

The Court: What he says is maybe true.

Mr. Schapp: But at the same time, he is perfectly willing to take the benefit of the patent without doing anything about paying tribute to the patent.

The Court: If what he says is true, your client has no patent.

Mr. Schapp: But still he is willing to ride along with the protection of the patent.

The Court: I don't see it that way at all. I don't think that is an objectionable letter. It is such a letter as a man in this witness's place might write to one of his competitors. Under the circumstances

(Testimony of Floyd E. Wallace.)

I don't think he should be criticized for writing it. Let it go in for what it is worth.

(The letter was marked Plaintiff's Exhibit V in evidence.)

The Court: It doesn't bear the interpretation you sought to [151] lay for it, that is my thought about it. It doesn't bear such an interpretation, as one can say this witness, here, is trying to ride in prosperity on the patent obtained by your client. I don't think it does at all, not under the circumstances. The evidence here shows this man was a pioneer in the business of making signals, that is undisputed.

Mr. Schapp: That is undisputed, but, at the same time, the evidence shows that from 1927 to 1938, he made all sorts of different models and in 1938——

The Court: And some of them were quite similar to the one your client obtained a patent on. Well, I think there is a similarity in the early signals made by the witness and the signal which has been made by your client, for which he obtained his patent. There is a similarity but the serious question appears to me to be, who was the first to invent it.

Mr. Schapp: Very well, your Honor, that's all.

The Court: I don't want to shut you off. Don't let anything I said shut off your cross examination, if you have any. You make your record the way you think it should be. Don't let me stop you. The Court can make remarks during the course of a trial

(Testimony of Floyd E. Wallace.)

that sometimes mislead counsel, I don't wish to do that.

Mr. Schapp: I have no further questions to ask.

Mr. Miller: That is all.

Mr. Schapp: Plaintiff rests.

Mr. Miller: Defendant rests.

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(Thereafter, after discussion between the Court and attorneys for both parties, and with the consent of the attorneys for both parties, the Court set aside the order granting the motion to make T. A. Mitchell a party defendant in the case, with the understanding that the motion was to be argued on briefs. Thereafter the case, [152] plaintiff's motion to make T. A. Mitchell a party defendant, and defendant's motion to dismiss the case for lack of jurisdiction, were submitted on briefs to be filed in 20, 20 and 10 days.)

[Endorsed]: Filed Sept. 19, 1940. [153]

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Tuesday, October 15, 1940

9:30 o'clock A.M.

The Court: You may proceed, gentlemen.

Mr. Schapp: I would like to recall Mr. Magarian.



MASICK MAGARIAN,

Recalled in his own behalf; previously sworn.

The Court: Do you wish Mr. Magarian sworn again?

Mr. Naylor: Not necessary your Honor.

Mr. Schapp: Q. Mr. Magarian, did you at any time submit your patented signal arm to the Motor Vehicle Department of the State of California for approval? A. Yes, sir.

Q. About when did you do that? Talk out loud.

A. We submitted it about in the middle part of 1936, around in August.

The Court: You say "of the State of California"?

The Witness: Motor Vehicle Department.

Mr. Schapp: Q. Did you receive a reply from the Department of Motor Vehicles for the State of California? A. Yes, sir.

Mr. Naylor: If the Court please, to save any unnecessary objections and yet to preserve a clear record, I wonder if we could fix a little more definitely just what arm was submitted to the State for approval?

The Court: Yes.

Mr. Naylor: Referring to exhibits in the case.

The Court: Will you do that, Mr. Schapp?

Mr. Schapp: Yes.

Q. Will you please state what you submitted to the Motor Vehicle Department for approval?

A. Are you referring to the three-window type of arm? [155]

(Testimony of Masick Magarian.)

Q. You describe it.

The Court: You might step down, if you wish, Mr. Magarian, and look at those exhibits with Mr. Schapp.

The Witness: We had a number of arms approved. Is this the one you are talking about?

Mr. Schapp: Yes; whatever you submitted.

A. Well, we had submitted—this was the first one submitted.

The Court: What is that exhibit?

The Clerk: Exhibit A.

The Witness: Exhibit A.

The Clerk: Plaintiff's Exhibit A.

The Court: When was that submitted?

A. That was submitted in 1934, and then later on we developed this three-window type.

The Clerk: Plaintiff's Exhibit C.

The Witness: Exhibit C. This was presented to the Department in 1934, around in August—or 1936, I should say.

The Court: 1936?

A. That's right. We got our approval in December of 1936.

Mr. Schapp: Q. I will show you here a photo-static copy of a letter from the Department of Motor Vehicles, State of California, addressed to yourself, and will ask you whether you recognize the same. The original of this letter, your Honor, is in your Honor's file.

The Court: The original is?

(Testimony of Masick Magarian.)

Mr. Schapp: Yes.

The Witness: Yes. This is our letter of approval dated December 4, 1936.

Mr. Schapp: Q. Did you receive that letter through regular mails? A. Yes, sir.

Mr. Naylor: May I see that, Mr. Schapp? [156]

The Court: Do you know what that exhibit is in the file? You say it is already in evidence?

Mr. Schapp: Not in evidence. It was submitted with my motion to submit. It was attached to my motion.

The Court: Well, then you are offering it in evidence now?

Mr. Schapp: Yes. I do offer it in evidence now.

The Court: Have you seen it?

Mr. Naylor: Yes, I have seen it, your Honor. I just want to check it.

Mr. Schapp: Mr. Naylor has a photostatic copy.

The Court: No objection to the photostat?

Mr. Naylor: No objection to the photostat, your Honor, but I will have to object to the exhibit, itself, for the obvious reason it is incompetent, irrelevant, and immaterial, and constitutes hearsay.

The Court: Yes. Overruled. Let it be received.

(The photostat was marked "Plaintiff's Exhibit W.")

The Court: That letter of December 4th, is it——

Mr. Schapp: December 4th.

The Court: December 4, 1936.

Mr. Naylor: If the Court please, to avoid repeti-

(Testimony of Masick Magarian.)

tion in the record, may it be understood this objection of mine will stand to all the questions put to the witness on this exhibit, and the ruling of the court will be the same?

The Court: All right.

Mr. Naylor: Thank you. [157]

### Cross Examination

Mr. Naylor: Q. Mr. Magarian, you say that the first arm which was submitted to the State for approval in 1934 was Plaintiff's Exhibit A: is that correct? A. That's right.

Q. Was it in a form in which you now see it?

A. Yes.,

Q. Was that particular arm approved or disapproved? A. It was approved.

Q. It was approved? A. Yes.

Q. Was it approved in its entirety?

A. Yes.

Q. And the next one was Plaintiff's Exhibit C; is that correct? A. That's right.

Q. Was it submitted in this form?

A. Yes.

Q. And this is the arm that was submitted in the middle of 1936, [158] you said, I think.

A. Yes, around in August, I think it was.

Q. Did it have an operating mechanism on it?

A. Yes.

Q. At the time of submission? A. Yes.

Q. Can you describe that operating mechanism?

(Testimony of Masick Magarian.)

A. The operating mechanism submitted at that time had a handle with three notches.

The Court: When was that?

Mr. Naylor: That is the August, 1936 arm, your Honor, Plaintiff's Exhibit C.

The Witness: Well, we have the sample here that would show it. It is pretty hard to describe it in just words.

Q. Well, will you please show it? I would like very much to see that. Would you like this exhibit to use with it?

A. Well, you want me to describe the control.

Q. Yes, describe the arm exactly as in the form in which it was submitted.

A. Well, the arm, of course, operates in a vertical position. It has a bracket that fastens to the cab of the truck and this angular arm is controlled by the mechanism through a pulley and chain, and this control mechanism fastens inside of the cab in a horizontal position, approximately in this position, relative to the driver. It has these three notches to elevate the arm to the three different positions required by the State law.

Q. By the Motor Vehicle Code.

A. Yes, sir.

Q. The three approved positions.

A. The three required positions, which are the stop position, left turn and right turn, which is above horizontal.

The Court: Was that the whole of the device submitted by you?

(Testimony of Masick Magarian.)

A. Yes.

Q. It had an arm attached to it, did it not?

A. Well, the arm is right here.

Q. I understand that, but Mr. Naylor has asked you to show him the [159] device you submitted to the State in August, 1936.

Mr. Naylor: August, 1936.

The Court: Yes.

Q. What device was it?

A. This unit, here, a combined unit.

Q. I see. With the arm and the other operating device.

A. Yes. The entire approval pertains to the arm. control mechanism, pulley and chain and so forth.

The Court: I see.

Mr. Naylor: Q. Can you describe just what led to the change in this operating mechanism, the operating mechanism which formed a part of Plaintiff's Exhibit C at the time of its submission in August, 1936?

A. Yes. May I have that mechanism? This, as I said, was our first device that we presented to the State for approval, and we manufactured this in 1935, approximately 3000 units. **This was approved** by the State and later on we made a change.

Q. You are referring now to Plaintiff's Exhibit A, are you not?

A. Yes. Plaintiff's Exhibit A, this mechanism fastens on the outside, in that position, and it was operated by this cable which fastened to this an-



(Testimony of Masick Magarian.)

gular arm. As you pulled this cable from the inside of the cab, there is a catch in there which holds the arm in the left turn position, and after you have made your turn a second pull releases it. That was the only position we had on this arm that would actually stay, that is, a definite position which held. For a stop position, we didn't have a catch, we simply held it in that position, and for a right turn we just pulled it up.

Q. By "we held," you mean the operator held it in the other two positions required by law; is that correct?      A. Yes.

Q. In other words, you had one catch for a left turn position only, [160] none for stop and right hand turn?

A. No. The argument we had for that purpose at that time, after discussing it with Inspector Sharkey, of the Motor Vehicle Department, the argument was that the left turn position was the most important position, the most dangerous turn to make, and the other two signalling positions were not as important, so he let me manufacture this on that basis, which was perfectly all right; I manufactured it. Later on he didn't exactly like—the law was, I think, reinforced, and he wanted me to use all three positions.

The Court: That was the same year, wasn't it; 1936?

A. No. It was 1936, that's right. He wanted to have three different positions and this mechanism,

(Testimony of Masick Magarian.)

the way it was designed, did not have any room inside to have all those three positions, so we made another controlling mechanism which preceded this one that you have asked me to describe.

Mr. Naylor: Q. Now, so the record will be clear, you are referring to the operating mechanism on Plaintiff's Exhibit C, are you not, in that last statement you made?

A. Yes. However, as I say, from this we developed another control mechanism which is shown in our catalog at that time, and it was different from this device.

Q. Will you describe that, briefly?

A. Yes. Maybe I could show it much easier by a sketch; it won't take much time.

The Court: Go ahead.

The Witness: I am going to show you now the control mechanism that came after this first model.

Mr. Naylor: Plaintiff's Exhibit A.

A. That's right. The control mechanism consisted of a disc, a flat disc approximately three inches in diameter. I will try to draw a perspective of it. This disc was fastened to a [161] bracket riveted on. These are the two holes for rivets. This disc was riveted to this bracket by two little rivets here. It had a hole here through which a handle operated, straight handle, and this handle had two depressions on each side of the axis. Showing the handle this way, it had a shaft here. Then it had two depressions out in the middle, like that. These

(Testimony of Masick Magarian.)

two depressions fitted into depressions in the disc, three sets, three pairs on this disc, and the handle, say in the vertical position, there. Then from the first position it dropped into these recesses and then grabbed on again, and showing the cross-section here, the disc at that position, this bracket came around approximately in that position, and then the spring, here, with a washer and a cotter pin here, that spring gave a tension on the handle against the disc as you rotated it, which simply snapped into the different positions. We have shown that in the catalog.

Mr. Naylor: Your Honor, may I suggest for the sake of clarity of the record, that Mr. Magarian make just a little pencil sketch of what he has made on the blackboard?

The Court: Yes, do that. Make a pencil sketch here on the desk of that and it can be offered in evidence. Make a pencil copy of that.

Mr. Naylor: I suggest, to save time, that he might make it even after this session of court is over.

The Court: Make what?

Mr. Naylor: In order to save time I might suggest Mr. Magarian be permitted to make it after the session of court is over.

The Court: You can make it when you get home. Make one and mail it in to the Clerk.

The Witness: I can make it now. [162]

The Court: Is it important, Mr. Naylor?

Mr. Naylor: Just for the sake of completeness of the record, your Honor.

(Testimony of Masick Magarian.)

The Court: Well, you can make it now if you have some paper there.

The Witness: I can make it right after the trial.

The Court: Very well.

The Clerk: It will be Defendant's Exhibit Y.

The Court: The last was W.

The Clerk: Your Honor, in this case both plaintiff and defendant's exhibits are lettered on account of the fact they were introduced on depositions.

The Court: Very well. Defendant's Exhibit Y.

(The sketch to be marked "Defendant's Exhibit Y.")

The Court: You will then furnish for the record a drawing like that on that piece of paper.

The Witness: Yes.

Mr. Naylor: Q. Now, Mr. Magarian, was this Defendant's Y approved by Inspector Sharkey?

A. Yes.

Q. When was that?

A. That was before—that was the beginning part of 1936 was when we started to make those. I don't remember the exact date.

Q. When thereafter did you adopt the control mechanism which forms a part of Plaintiff's Exhibit C?

A. This one was adopted after we had manufactured approximately fourteen thousand of these units during the year 1936.

The Court: Referring to what, Plaintiff's Exhibit A?

(Testimony of Masick Magarian.)

The Witness: To the exhibit.

The Court: C?

The Witness: No, I don't think, your Honor, that—— [163]

The Court: Exhibit Y?

Mr. Naylor: Went from Y to A, then, is that correct, Mr. Magarian?

A. Well, I am a little confused.

Q. You went from Defendant's Exhibit Y to the control mechanism on Plaintiff's Exhibit A?

A. That was first, and then this came.

The Court: Q. You say you made fourteen thousand of them, according to this——

A. Defendant's Exhibit Y. That was during the year 1936. Then in December of 1936 we obtained an approval on this type. I don't know if you have a number on it or not.

The Court: What is that? Has that been offered in evidence, Mr. Naylor?

Mr. Naylor: No, it is not in evidence yet, your Honor. I think perhaps we will when we are through with it.

The Court: Yes.

Mr. Naylor: Q. You say that the request for Approval of the controlling mechanism on Plaintiff's Exhibit C was made in the middle part of 1936. Will you refer to Plaintiff's Exhibit W and see if you can check that date as to the time at which the application was approved for you?



(Testimony of Masick Magarian.)

A. I don't think I understand your question. This approval is for Exhibit C. This approval refers to this one.

Q. Yes, with the control mechanism that you have referred to. A. Yes.

Mr. Naylor: I wonder if it wouldn't be best to offer the controlling mechanism of C as C'.

The Court: Very well. Let it be so marked, C'.

(The controlling mechanism of Plaintiff's Exhibit C was marked "Plaintiff's Exhibit C'.")

Mr. Naylor: Will you refer to Plaintiff's Exhibit W and [164] state if you can from that when the application was approved, of the arm, Plaintiff's Exhibit C-C', was made to Inspector Sharkey?

A. Date of letter of approval is December 4, 1936.

Q. Does that exhibit show the date on which the application was made by you?

A. Yes, I think it does; August 20, 1936. I am referring to the report of test.

Mr. Naylor: I have here a mechanism I would like marked Defendant's Exhibit next in order for identification.

(The mechanism was marked "Defendant's Exhibit Z for identification.")

Mr. Naylor: Q. I show you Defendant's Exhibit Z for identification and will ask you if you have ever seen that device before.

A. Yes, I have seen it.

Q. Where did you see it first?



(Testimony of Masick Magarian.)

A. I saw this approximately, not quite two years ago, when one was returned from one of our jobbers by mistake, I think the lenses were broken on it, and they had included that and shipped it back to us. That was the first time.

Q. It was a part of a signal arm, was it not——

A. What?

Q. That was a part of a signal arm when you first saw it?           A. Well, it was part——

Q. You said the lenses were broken, what do you mean?

A. Well, the arm, when I first saw this the jobber had returned the arm, which was Detroit Products, and in that package was this control.

Q. You say that was when?

A. It had a little casting, I think, for the chain, which our pulley takes the place of.

Q. When was that?

A. It was about not quite two years ago, as I remember.

Q. Can you fix a more definite date than that?

A. Well, I can't give you an exact date, because, as I say, it was just about two [165] years ago; I know it came back, and it wasn't ours. I remember that definitely, about two years ago.

The Court: Well, did you have anything in your records to show the receipt of it, or the return of it to the Detroit people?

A. If I am not mistaken, our representative called, and I showed it to him and he said to just

(Testimony of Masick Magarian.)

send it back and he would take care of it. I might have some correspondence, but I can't really say about it. But it was a mistake on their part.

Mr. Naylor: Q. Then we are to understand that you have never seen that operating mechanism——

A. No, never seen——

Q. Just a moment—as a part of a signal mechanism. A. No.

Q. More than a little less than two years ago.

A. No.

Q. Do you want us to understand, then, you had not seen Defendant's Exhibit Z for identification at the time you changed to Plaintiff's Exhibit C'?

A. No, sir.

Q. As a controlling mechanism? A. No, sir.

Q. You knew at that time, however, that Detroit Products Company was in the market and making signal arms, did you not? A. Yes.

Q. You had seen their signal arms, hadn't, you?

A. Seen the arm on the trucks.

Q. You had also seen the operating mechanism, hadn't you? A. No, I had never checked into it.

Q. You had never examined the operating mechanism?

A. No, because in our development work we came through the processes that are indicated and what we endeavored to do, and the reason we changed to this type was because after we had a number of those, around fourteen thousand, we did have some complaint about the humps wearing off,

(Testimony of Masick Magarian.)

and they weren't definitely necessary after they were out, so from there we changed over to this type. [166]

Q. Plaintiff's C?           A. That's right.

Q. Is that correct?        A. Yes.

Q. But prior to making that change you will have us to understand you had not seen the Detroit Products arm?           A. Yes.

Q. Defendant's Exhibit Z for identification.

A. I had seen the arm hanging on trucks, but I never checked—as I say, I had seen the arm——

Q. But you never examined it?

A. I never investigated to see what he had, because all our development work was done then.

Mr. Naylor: That is all.

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Mr. Schapp: Your Honor please, I would like to make one statement to your Honor, that, of course, this bracket is not in issue in the present proceeding.

The Court: Yes. Is that all, gentlemen?

Mr. Naylor: I would like to recall Mr. Wallace for one question.

## FLOYD E. WALLACE,

called for Defendant; sworn.

Mr. Naylor: Q. Mr. Wallace, I show you Defendants' Exhibit Z for identification in this case, and ask you if you are familiar with that.

A. Yes.

Q. Will you explain what you know about it?

A. I first made this signal control in the fall of 1928.

Q. Has it been used by your company since that time?

A. This is the only type of device we have made since 1928.

Q. Since 1928?

A. Since 1928, and in the year of—is it permissible to continue, is that what you want?

Q. Yes.

A. From the year 1928 until 1931, or '32, about '32, we [167] sold about 3000 of these.

Q. So the record will be absolutely clear on that point, when you say "We sold these", you mean some kind of a signal arm of which Defendant's Exhibit Z was the controlling mechanism?

A. Yes. I think it was in that green catalog sheet; you have a catalog sheet here of a stuffer, or an envelope stuffer that will show a picture of this control.

Q. Is that control mechanism being used today by Detroit Products? A. Yes.

Mr. Naylor: That is all. I will offer that in evidence.

(Testimony of Floyd E. Wallace.)

The Witness: It has been used; we have never had any other type of control than this, and I would say that between 1928 and 1936 that there was probably eight or ten thousand of them sold, and in use in trucks and school buses in the State of California.

Mr. Naylor: I will offer Defendant's Exhibit Z for identification in evidence.

The Court: It may be in evidence.

(The mechanism referred to was received in evidence and marked "Defendant's Exhibit Z.")

[Endorsed]: Filed Dec. 30, 1940. [168]

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[Endorsed]: No. 9811. United States Circuit Court of Appeals for the Ninth Circuit. Masick C. Magarian, Appellant, vs. Detroit Products Company, a copartnership composed of Floyd E. Wallace and Percy J. Elwell, Appellees. Transcript of Record. Upon Appeal from the District Court of the United States for the Northern District of California, Southern Division.

Filed May 5, 1941.

PAUL P. O'BRIEN,  
Clerk of the United States Circuit Court of Appeals  
for the Ninth Circuit.

In the United States Circuit Court of Appeals  
for the Ninth Circuit

Civil Action

No. 9811

MASICK C. MAGARIAN,

Plaintiff and Appellant,

vs.

DETROIT PRODUCTS COMPANY, a copartner-  
ship composed of Floyd E. Wallace and Percy  
J. Elwell,

Defendants and Appellee.

STATEMENT ADOPTING POINTS ON  
APPEAL

Comes now the Appellant above-named, and  
adopts as the points to be relied upon on Appeal,  
the statement of such points appearing in the Dis-  
trict's Clerks Transcript of Record on file herein.

A. SCHAPP

Attorney for Appellant

Date: May 3rd, 1941.

Receipt of a copy of foregoing Statement Adopt-  
ing Points on Appeal is hereby admitted this 5th  
day of May, 1941.

JAS. M. NAYLOR

Attorney for Appellee.

[Endorsed]: Filed May 5, 1941. Paul P. O'Brien,  
Clerk.



[Title of Circuit Court of Appeals and Cause.]

APPELLANT'S DESIGNATION OF PARTS OF  
THE RECORD TO BE PRINTED

1. Bill of Complaint (Page 1 of Record on Appeal)

2. Amended Answer (Page 4)

3. Order Relative to Pre-Trial Conference (Page 12)

4. Statement of Prior Patents that Defendants will specifically rely upon at the time of Trial. (Page 14)

5. Order for Judgment on Findings (Page 16)

6. Findings of fact and Conclusion of Law (Page 17)

7. Final Judgment (Page 23)

8. Notice of Appeal to Circuit Court of Appeals (Page 25)

9. Undertaking for Costs on Appeal (Page 27)

10. Statement of Points (Page 29)

11. Order to Forward Originals (Page 34)

12. Reporter's Transcript of Trial Proceedings had on August 1st and 2nd, 1940, except as follows:

Omit from Page 9, line 27 to Page 11, line 28;

Omit from Page 12, line 3 to Page 14, line 3;

Omit from Page 14, line 8, to Page 15, line 12;

Page 23, line 7, change "later" to latter;

Page 25, line 6, change "space" to spacing;

Omit from Page 35, line 2 to Page 40, line 25;

Omit from Page 41, line 23 to Page 45, line 24;

Omit from Page 51, line 29 to Page 53, line 3;

Omit from Page 53, line 18 to line 6 of the next page, to the period;

Omit Page 54, line 24, to Page 56, line 4;

Page 62, line 29, change "and" to: in their

Omit Page 66, line 28 to Page 70, line 12;

Omit Page 70, line 28, beginning with: "I will show you" to Page 72, line 7;

Omit Page 73, line 7 to Page 86, line 5;

Omit Page 86, line 30, to Page 88, line 4 to and including "recess."

Page 104, line 21 to Page 112, line 3.

13. Reporter's Transcript of Proceedings had in Open Court on Tuesday, October 15th, 1940, except as follows:

Omit from Page 115, line 27 to the next page, line 17; (Please note that Pages 114 and 115 appear twice in the transcript, and the portion to be omitted is found Page 115, first occurrence, and Page 114, second occurrence)

Omit from Page 116, line 9, to Page 123, line 17;

Omit from Page 124, line 2 to Page 125, line 4;

14. Statement Adopting Points on Appeal

15. This Designation

16. Clerk's Certificate.

All the physical exhibits in this case have been transmitted to the Court of Appeals. In addition, the Appellant will supply to the Court of Appeals five copies of Patent Books, each to include, the two patents in issue, No. 2,153,634 and D-109,148, The Elliott Patent, No. 1,415,817 and the Costen-

bader Patent, No. 1,673,865, which latter are the only two prior patents specifically applied in the Findings of Fact.

A. SCHAPP

Attorney for Appellant

Date: April 30, 1941.

Receipt of a Copy of the foregoing Appellant's Designation of Parts of Record to be Printed is Admitted this 5th day of May, 1941.

JAS. M. NAYLOR

Attorney for Appellee.

[Endorsed]: Filed May 5, 1941.

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[Title of Circuit Court of Appeals and Cause.]

APPELLEES' DESIGNATION OF ADDITIONAL PARTS OF THE RECORD UNDER  
CCA RULE 19 SUBDIVISION 6

Now come the appellees and designate the following additional parts of the record which they think material under Rule 19, subdivision 6 of the Rules of the Circuit Court of Appeals for the Ninth Circuit.

1.

The depositions of L. E. Smith and H. E. Smith, and the stipulation as to the testimony of Frank Fred Hartman included in the official copy of the depositions of L. E. Smith Et Al, pages 3 to 20, inclusive.

## 2.

The deposition of Cecil L. Armstrong included in the official copy of the deposition of Cecil L. Armstrong, pages 3 to 10, line 15.

## 3.

The deposition of Wallace R. Lynn included in the official copy of the depositions of Wallace R. Lynn and T. A. Mitchell pages 3 to 27, line 22, inclusive, apparently introduced in evidence by plaintiff's counsel at page 59, lines 13-15 inclusive, of the transcript of proceedings on August 1 and 2, 1940.

## 4.

In the reporter's transcript of trial proceedings had on August 1 and 2, 1940,

Include page 9, line 27 to page 11, line 28;

Include page 12, line 3 to page 14, line 3;

Include page 35, line 2 to page 40, line 25;

Include page 41, line 23 to page 45, line 24;

Include page 51, line 29 to page 53, line 3;

Include page 53, line 18 to line 6 of the next page to the period.

Include page 54, line 24 to page 56, line 4;

Include page 66, line 28 to page 70, line 12;

Include page 70, line 28, beginning with "I will show you" to page 72, line 7;

Include page 73, line 7 to page 86, line 5;

Include page 86, line 30 to page 88, line 4 to and including recess; and

Include page 104, line 21 to page 111, line 25.

5.

In the reporter's transcript of proceedings had in open court on October 15, 1940

Include page 116, line 9 to page 123, line 17

Include page 124, lines 2 to 19.

It is not clear from appellant's designation how the matter of the patent books is to be handled. Appellees suggest, however, that the total number of patent books be not less than six copies, one for each of the Judges of the Circuit Court of Appeals, and one for plaintiff-appellant's counsel and two for defendants-appellees' counsel, the defendants-appellees being represented by two attorneys located in San Francisco and Los Angeles, respectively.

The appellees also designate that such patent books if they be in the nature of exhibit books, include in addition to the patents mentioned in appellant's designation, copies of United States Patent to

Kimbrough	1,600,887
Stimson	1,807,350
Reynolds	1,873,033
Carter	1,659,082
Miller	1,860,719

and the British Patent to Dennis 341,652, these being the patents listed in the defendants' "Statement of Prior Patents That Defendants Will Specifically Rely Upon at the Time of Trial (page 14)."

Appellees also designate that in view of plaintiff's specification of points 3, 4, 5, 6, and 7, that there be reproduced in the exhibit book, defendants' Ex-

hibits E, F, G, J, check stub for check No. 11086 in defendants' Exhibit K, and defendants' Exhibit L.

FRED H. MILLER

Attorney for Appellees

Service by personal delivery of copy of the within appellees' designation of additional parts of the Record at the office of appellant's attorney, this 14th day of May, 1941.

JAS. M. NAYLOR

Attorney for appellee

[Endorsed]: Filed May 14, 1941. Paul P. O'Brien, Clerk.

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[Title of Circuit Court of Appeals and Cause.]

APPELLANT'S SUPPLEMENTARY  
DESIGNATION

Please add the following exhibits to the Book of Exhibits:

1. Plaintiff's Exhibit K (Blue Print of April 25, 1934)
2. Plaintiff's Exhibit O (Blue Print E 3559)
3. Plaintiff's Exhibit W (Letter 12/4/36; first page only; Department of Motor Vehicles of the State of California to Masick C. Magarian)



4. Defendants' Exhibit Y (only the Sketch by Witness Magarian)

Respectfully

A. SCHAPP

Counsel for Plaintiff and Appellant.

Receipt of a copy of the foregoing Plaintiff's Supplementary Designation is admitted this 5th day of August, 1941.

JAS. M. NAYLOR

Counsel for Defendants and Appellee.

[Endorsed]: Filed Aug. 5, 1941. Paul P. O'Brien, Clerk.



No. 9811

IN THE  
United States Circuit Court of Appeals  
For the Ninth Circuit

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MASICK C. MAGARIAN,  
*Plaintiff and Appellant,*  
vs.

DETROIT PRODUCTS COMPANY, a copart-  
nership composed of FLOYD E. WAL-  
LACE and PERCY J. ELWELL,  
*Defendants and Appellees.*

BRIEF FOR APPELLANT.

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ADELBERT SCHAPP,  
Hobart Building, San Francisco,  
*Attorney for Appellant.*

FILED

OCT - 6 1941

PAUL P. O'BRIEN,  
CLERK



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No. 9811

IN THE

# United States Circuit Court of Appeals

For the Ninth Circuit

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MASICK C. MAGARIAN,  
*Plaintiff and Appellant,*

VS.

DETROIT PRODUCTS COMPANY, a copart-  
nership composed of FLOYD E. WAL-  
LACE and PERCY J. ELWELL,  
*Defendants and Appellees.*

## BRIEF FOR APPELLANT.

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### I. JURISDICTION.

This is an appeal to the United States Circuit Court of Appeals for the Ninth Circuit, from the final decree of the United States District Court, Northern District of California, Southern Division (Tr. pages 22-24) in equity suit Number 21,306-S, brought in said District Court because of alleged infringement of United States letters patent, owned by plaintiff-appellant and involving alleged acts of infringement committed by defendants-appellees in said district.

The suit arises under the Patent Laws, and the statutory provisions upon which the jurisdiction of

said United States District Court depends are as follows:

U. S. C. A. Title 28, Sec. 41 (Judicial Code, Sec. 24, amended)

ORIGINAL JURISDICTION. The district courts shall have original jurisdiction as follows: \* \* \*

Seventh. Of all suits at law or in equity arising under the patent, the copyright and the trademark laws.

U. S. C. A. Title 28, Sec. 371 (Judicial Code, Sec. 256, amended)

EXCLUSIVE JURISDICTION OF UNITED STATES COURTS. The jurisdiction vested in the courts of the United States in the cases and proceedings hereinafter mentioned, shall be exclusive of the courts of the several states: \* \* \*

Fifth. Of all cases arising under the patent-right or copyright laws of the United States.”  
\* \* \*

U. S. C. A. Title 28, Sec. 109 (Judicial Code, Sec. 48)

PATENT CASES. In suits brought for the infringement of letters patent, the district courts of the United States shall have jurisdiction in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership or corporation, shall have committed acts of infringement and have a regular and established place of business. If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, sum-

mons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which the suit is brought.

With respect to this appeal, jurisdiction is conferred upon the United States Circuit Court for the Ninth Circuit by the following provisions:

U. S. C. A. Title 28, Sec. 225 (Judicial Code, Sec. 128, amended)

#### APPELLATE JURISDICTION—

(a) Review of Final Decisions. The Circuit Courts of Appeal shall have appellate jurisdiction to review by appeal or writ of error final decisions—

First. In the district courts, in all cases save where a direct review of the decision may be had in the Supreme Court under Section 345 of this title. \* \* \*

(d) Circuits in which Reviews shall be had. The review under this section shall be in the following circuit courts of appeals: The decisions of a district court of the United States within a state in the circuit court of appeals for the circuit embracing such state; \* \* \*

The existence of the jurisdiction is shown by the facts and pleadings, as follows:

Plaintiff is a citizen of the United States of America, and a resident of the City of Fresno, in the County of Fresno, and State of California. (Complaint, Tr. page 2.)

Defendant is a copartnership composed of Floyd E. Wallace and Percy J. Elwell, having its principal place of business in the Town of El Segundo, County of Los Angeles, State of California, and having a regular and established place of business in the City and County of San Francisco, and State of California, at 537 Turk Street; the acts of infringement complained of have taken place in said City and County of San Francisco, State of California, and elsewhere. (Complaint, Tr. pages 2 and 3.)

Prior to the trial, a motion was made by the Defendants to dismiss the action for lack of jurisdiction, the Defendants claiming that they did not have any regular and established place of business in San Francisco. This motion was denied by the Trial Court after having been submitted upon affidavits and briefs, and was again denied in the Order for Judgment on Findings. (Tr. page 15.) No appeal was taken by Defendants on this point which, therefore, is not in issue in the present procedure.

---

## II. STATEMENT OF THE CASE.

### A. The patents in suit.

This is a suit in equity based on alleged infringement by the appellees of the following two patents owned by the Appellant, Masick C. Magarian:

Patent No. 2,153,634, issued to Masick C. Magarian on a Signaling Arm on April 11, 1939 (Plaintiff's Exhibit H, page 263 of Books of Exhibits), and

Design Patent No. D-109,148, issued to Masick C. Magarian on a Signal Arm on April 5th, 1938. (Plaintiff's Exhibit I; page 267 of Books of Exhibits.)

Both patents relate to the same subject-matter and the applications were filed on the 16th day of November, 1937. They cover a signaling arm (introduced in evidence as Plaintiff's Exhibit C), adapted particularly for use on motor trucks, and the objects of the invention are set forth in the utility patent as follows:

- 1, to provide a signaling arm that is particularly efficient in attracting the attention and in giving information of proposed changes in the direction or speed of travel of a motor vehicle,

- 2, to provide a signaling arm that will be equally effective in day driving and in night driving,

- 3, to use reflecting lenses in combination with a signaling arm and to arrange a plurality of lenses on an arm in such a manner that the lenses form a line coinciding with the line formed by the arm so that the lenses serve to accentuate the directional information given by a particular position of the arm,

- 4, to use lenses which of themselves are of a shape elongated in the general direction of the arm so as to aid in conveying directional information,

- 5, to use lenses of a shape and construction particularly adapted to reflect rays in many directions so that the intended signal may be conveyed to drivers of other vehicles approaching at different angles, and



6, to provide a signaling arm of simple construction, of attractive appearance and one that looks exactly the same whether viewed from in front or from the rear.

The utility patent issued with four claims. Claim 2 was withdrawn by the Appellant from issue, and the remaining three claims read as follows:

1. In a lens mounting for a signal arm, two identical elongated plates having registering marginal flanges and spaced body portions with registering openings therein, lenses having flanges bearing upon the inner margins of the openings and having body portions projecting through the latter, a separator between the lenses and means for securing the flanges of the plates together, whereby the body portions of the plates are made to clamp the lenses upon the separator, the lenses having shaped inner faces to produce desired reflecting effects and the separator serving to prevent play between the lenses and the plates.

3. In a direction indicator, a signal arm comprising a pair of elongated plates arranged face to face and having marginal flanges, the body sections of the plates being offset to define an elongated lens-receiving space, each of the body sections having an alined series of openings therein registering with those of the other, lenses mounted in the openings of each body section and having flanges bearing on the inner faces thereof and a common separator for spacing opposing lenses, the separator being coextensive with the lens receiving space to facilitate positioning of the same during assembly.



4. In a direction indicator, a signal arm comprising a pair of elongated plates arranged face to face and having marginal flanges, the body sections of the plates being offset to define an elongated lens-receiving space, each of the body sections having an alined series of openings therein registering with those of the other, lenses mounted in the openings of each body section and having flanges bearing on the inner faces thereof and a common separator for spacing opposing lenses, the separator being coextensive with the lens-receiving space to facilitate positioning of the same during assembly, and the faces of the body sections being parallel so as to exert uniform pressure on the interposed lenses and the separator.

The Design Patent, based on the same disclosure, issued with one claim:

“The ornamental design for a signal arm, substantially as shown.”

#### **B. Plaintiff's history.**

The Patentee uses in his patent the so-called Stimsonite lens, the dominant feature of which is that it has on its inner face a large number of pyramidal reflectors, particularly adapted for reflecting light rays back substantially in the same direction from which they came.

Appellant does not claim invention of the Stimsonite lens, and the latter is fully described (as a round lens) in the Patent No. 1,807,350 to J. C. Stimson, dated May 26th, 1931. (Tr. page 293.) But it appears, that no one, prior to Appellant's doings, had ever applied the Stimsonite reflector to a signaling arm.

Appellant must, therefore, be considered the one who pioneered the idea of making the Stimsonite reflector available for use in a signaling arm.

The art of signaling devices for motor vehicles is relatively old and dates back to a time long before either of the present parties entered upon the scene. The defendant, in his answer to the complaint, cites some twenty-six different prior patents (Tr. page 8), some dating back as far as 1917, 1919 and 1921; and the Elliott Patent relied on in Finding No. 9 (Tr. page 18), as the principal reference against the utility patent, issued as early as 1922. The State of California passed an act with respect to these signals in 1925. (Tr. page 207.)

The Appellant started in business in April or May, 1935 (Tr. page 34), the major portion of his business being devoted to the manufacture and sale of signaling arms, and his sales extending throughout the Western States. Prior to that time, namely early in 1934, he thought of the idea of using a Stimsonite reflector of the oblong type on a signaling arm, as evidenced by his blue print Plaintiff's Exhibit K, which shows the rectangular lens. (Tr. page 270.) This blue print he sent to The Guide Lamp Division, a manufacturer of Stimsonite lenses, for quotations (Tr. page 39), but was advised that for various reasons the manufacture of this type of lens would be impractical. (Tr. page 40.)

Thus, when he started to do business, he first brought on the market various other types, including the signaling arm identified as Plaintiff's Exhibit A. This arm

terminates in an arrowhead and is provided in the latter with a pair of opposing Stimsonite lenses of the round type as disclosed in the Stimsonite Patent. (Tr. page 292.) It was on the market in April or May, 1935. (Tr. page 71.)

In the meantime he kept working on the oblong type of Stimsonite reflector and developed the oval type. (Tr. page 41.) He sent a drawing of this reflector to the Guide Lamp Corporation to secure quotations on the lens and the cost of a mold necessary for mass manufacture. He received a reply in which the Guide Lamp Corporation submitted a slightly modified drawing E3559. (Tr. page 43, Plaintiff's Exhibit O, Tr. page 271.) This form was apparently considered satisfactory, and was incorporated, with a minor change, in the final signaling arm.

He proceeded to make the first complete arm in response to a Government bid in May, 1936. This arm was in all respects the same as the patented arm, except that it was about twice the length, to answer Government specifications, and was introduced in evidence as Plaintiff's Exhibit J. (Tr. page 45.)

During 1936, he made dies for the patented arm which was ready for the market and sold in August, 1936. (Plaintiff's Exhibit C, Tr. page 45.) In the meantime it was necessary to secure approval of the arm from the Motor Vehicle Department of the State of California, which, at that time, had carried on extensive investigations with regard to all signaling equipment. (Tr. page 135.)

Appellant applied for approval in August, 1936 and secured the approval in December, 1936. (Tr. page 238.) (See also Letter of Approval from State Motor Vehicle Department, dated December 4, 1936; Plaintiff's Exhibit W, Tr. page 272.)

The patented arm met with considerable success in the market. Appellant sold, in round numbers, 3000 signaling arms during the last few months of 1936; 19,000 in 1937; 23,000 in 1938; 21,000 in 1939, and 7,600 during the first half of 1940 (Tr. pages 53, 54 and 160), making a total of 73,600 Signaling arms.

#### C. Defendants' history.

The defendants and Appellees have their principal place of business in El Segundo, California. Mr. Wallace apparently began to make and sell signaling arms in 1927. The first one made by him is the one illustrated in the leaflet, Defendants' Exhibit A. (Tr. page 207.) The record does not indicate how many of these were sold. In 1931 he testified he made an arm illustrated in the blue print (made only recently) identified as Defendants' Exhibit C. Of these only 15 were made. (Tr. page 208 and fig.) In 1932, he developed the arm identified as Defendants' Exhibit I, of which only two were made. (Tr. pages 199-206.) At about the same time, the appellees placed on the market Defendants' Exhibit D, of which 3-4000 were sold between 1931 and 1935. (Tr. page 213.) In 1935, they placed on the market Defendants' Exhibit V which they kept selling until 1938.

In January, 1938, the Appellees changed over to the accused arm, Plaintiff's Exhibit E, the three-window type. They were advised by the Motor Vehicle Department that the lenses lacked visibility and probably would not meet the requirements of the Department. They were further told by the latter that the Guide Lamp Corporation (the Company manufacturing Appellant's lenses) would furnish them with a lens having the necessary reflection. (Tr. page 219.) They approached the latter company with a drawing of a lens similar to that of Plaintiff's Exhibit E (Tr. page 212), and were told that they might run into patent trouble, since the Company had furnished this type of lens to "another customer" (no doubt, Mr. Magarian) "for several years". (Tr. page 220.) Upon receipt of this letter, the appellees submitted to the Guide Lamp Corporation another sketch illustrating the lens used in the second accused arm, Plaintiff's Exhibit D, which latter was placed on the market some time in the middle of 1938. Appellees, according to Mr. Wallace, sold about 500 of Plaintiff's Exhibit E, but made an attempt to exchange as many as possible for the later arm Plaintiff's Exhibit D. This was done in compliance with the request of the Motor Vehicle Department (Tr. page 224), and not in any acknowledgment of Appellant's patent rights, as Mr. Wallace expressly states in his letter of August 13, 1938. (Tr. page 60.)

During this time, the two parties to this action were the principal competitors in the Western States and conducted between them the major portion of the business (Tr. page 148), although there were other competitors.



#### D. Pre-trial history.

The Complaint follows the simplified form suggested by the Supreme Court in the new Rules of Civil Procedure and contains the usual allegations. The answer raises the following defenses:

1, that the improvement does not amount to invention, but to mere mechanical skill,

2, that the claims are not for valid combinations, but for mere aggregations,

3, constructive abandonment by public sale of Plaintiff's Exhibit A, more than two years prior to the filing date of the patent application,

4, anticipation in some twenty-six different patents,

5, alleged false marking,

6, estoppel by file wrapper,

7, introduction of new matter unsupported by a new Oath. This point was not stressed during the trial and in the arguments.

As a result of a Pre-Trial Conference, the Appellees admitted plaintiff's title to the patent, admitted the manufacture and sale of the signal arms Plaintiff's Exhibits D and E, and reduced the number of patents relied on specifically to the following eight (Tr. pages 12-15):

Kimbrough	1,600,887	September 21, 1926
Stimson	1,807,350	May 26, 1931
Elliott	1,415,817	May 9, 1922
Costenbader	1,673,865	June 19, 1928
Reynolds	1,873,033	August 23, 1932
Carter	1,659,082	February 14, 1928
Miller	1,860,710	May 31, 1932
British Patent to Denis	341,652	accepted January 22, 1931



Prior to the trial a motion was made by the defendants to dismiss the action for lack of jurisdiction, the defendants claiming that they did not have any regular and established place of business in San Francisco. This motion was denied by the trial court after having been submitted upon affidavits and briefs, and was again denied in the final judgment. No appeal was taken by the defendants on this point, which, therefore, is not an issue in the present procedure.

#### **E. Judgment of the Court.**

The trial court held both patents invalid for lack of invention and dismissed the suit with judgment to defendants for their costs. From this decision plaintiff appeals.

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### **III. SPECIFICATION OF ERRORS.**

The Trial Court erred:

1. In not holding Claims 1, 3 and 4 of the Plaintiff's Patent No. 2,153,635, valid and infringed by the Defendants' signaling arms, Plaintiff's Exhibits D and E;

2. In not holding the Plaintiff's Design Patent No. D-109,148, valid and infringed by the Defendants' signaling arms Plaintiff's Exhibits D and E;

3. In holding that "signal arms having two identical elongated plates having registering marginal flanges and spaced body portions with registering openings therein" were disclosed in Plaintiff's Exhibit A and in the Elliott Patent;

4. In holding that it was not new at the time of the Plaintiff's alleged invention to manufacture signal arms "with lenses having flanges bearing upon the inner margins of the openings and having body portions projecting through the openings in the plates", on the ground of such feature being illustrated in Plaintiff's Exhibit A;

5. In holding that it was not new at the time of the Plaintiff's alleged invention to manufacture "signal arms with separators between the lenses or to secure the flanges of the plates together to cause the plates to clamp the lenses upon the separator", on the ground of this feature being shown to be old in Plaintiff's Exhibit A.

6. In holding that it was not new at the time of the Plaintiff's alleged invention to have the lenses of signal arms having "shaped inner faces to produce desired reflecting effects, or to have the separator preventing play between the lenses and the plates", on the ground of such shaped lenses being illustrated in Plaintiff's Exhibit A and the utilization of the separator to prevent play being illustrated in Plaintiff's Exhibit A.

7. In holding that it was not new at the time of the alleged invention of Plaintiff's Design Letters Patent to have "a signal arm composed of identical elongated plates having raised center portions and marginal flanges with reflectors mounted in a row along the length of the raised center portions", on the ground of these being shown to be old in Defendants' Exhibit D;

8. In holding that it was not new at the time of the alleged invention of Plaintiff's Design Letters Patent to use "elongated lenses or reflectors on signal arms" on the ground of such being shown to be old in the Costenbader Patent;

9. In holding that the use of a plurality of reflecting lenses in a row on the sides of a vehicle signal arm and the use of elongated lenses for this purpose at the time of the Plaintiff's alleged invention was a mere matter of selection or option not amounting to invention, but instead mere mechanical skill;

10. In holding that the use of a single separator between the lenses arranged in rows in opposite sides of the signal arm, and the making of this separator so as to be co-extensive with the lens-receiving space provided by the plates of the signal arm, at the time of the Plaintiff's alleged invention, did not amount to invention, but to mere mechanical skill;

11. In failing to recognize that each of the claims in issue defines a combination of different elements, and that such combination may be new and patentable, even though all the elements be proven to be old.

12. In failing to recognize that a Design Patent is to be judged by the over-all esthetic effect and ornamental appearance of the patented device, and cannot be defeated by a mere showing of mechanical arrangements in the prior art;

13. In failing to make any finding with respect to Plaintiff's reduction to practice, and the number of Plaintiff's devices made under the patent and dis-

tributed throughout the Western States, before the Defendants began to manufacture the accused devices.

14. In failing to give any consideration to the commercial success of Plaintiff's signaling arm;

15. In failing to apply the rule that the adoption of the patented construction by a Defendant in preference to all the prior art, indicates invention;

16. In failing to apply the principle that the citation of a large multiplicity of references in itself, is evidence of invention;

17. In according to the Defendants the status of a pioneer in the art, although signaling arms were patented a long time before the Defendants entered upon the manufacture of such arms, and although the State of California had passed a law with respect to signaling arms several years before that time.

18. In not giving Plaintiff the status of a pioneer although he was the first one to introduce the use of a Stimsonite reflector lens into the signaling arm industry.

19. In not giving any weight to the maxim of the law that a patent carries the presumption of validity.

20. In dismissing the Bill of Complaint herein with judgment to the Defendants for their costs.

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#### IV. SUMMARY OF ARGUMENT.

The Patented Arm is made up of three different elements: 1, a pair of identical elongated plates; 2, a number of identical lenses or reflectors; and

3, a single separator. Each of these elements is novel in the sense that no prior art structure shows the plate, or the lens, or the separator, or any equivalent element that could be bodily substituted for any of them.

The specific advantages of the patented arm are: 1, simplicity in manufacture; 2, increased visibility; and 3, attractive appearance.

The prior art comprises: Defendants' prior structures; the Plaintiff's own prior structure, Plaintiff's Exhibit A; and a number of prior patents.

Out of the three elements or building stones, the Appellant has constructed a simple combination, in which two identical, elongated plates clamp an aligned series of paired reflectors upon a common separator with substantially uniform pressure. This combination idea is not disclosed in any prior art structure.

The utility patent contains four claims of which Claims 1, 3 and 4 are in issue.

Claim 4 is the most specific claim, but clearly covers the accused structures, since the latter are substantially identical with the patented structure. When this claim is broken down and analyzed, it clearly appears

1, that this claim defines a genuine combination in which all parts cooperate toward a common end,

2, that each of the elements is novel as compared with the prior art structures, and

3, that the combination as a whole is novel over the prior art structures.



No attempt has been made in the Findings to anticipate the combination of Claim 4 as a whole.

Claim 3 is substantially similar to Claim 4, with one limitation omitted, and is not anticipated in the prior art structures.

Claim 1 is not anticipated in the prior art, if given a reasonable construction in the light of the disclosure, and with the words used in their ordinary meaning.

Each of the three claims in issue covers both accused structures.

The Design Patent: Appellant's design satisfies the modern aesthetic sense of uniformity and streamlined simplicity, whereas the closest prior structure (Defendants' Exhibit D) seeks aesthetic appeal in a rather primitive scheme of diversity.

When comparing the three structures in issue with the prior art structures, an observer will almost automatically set off the three structures in issue in a class by themselves, as conveying the same aesthetic impression, and as distinguished from all prior art structures.

A study of analogous and pertinent decisions indicates that both patents are valid and that both patents are infringed by both of Defendants' structures.

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## **V. ARGUMENT.**

### **A. THE PATENTED ARM.**

The patented arm is exemplified by Plaintiff's Exhibit C. It is intended particularly for use in connec-



tion with trucks, school buses and the like, and the manner of using it is well illustrated in the Circular, Plaintiff's Exhibit U.

The arm is made up, in its essential features, of three parts, namely:

- 1, a pair of identical elongated plates,
- 2, a number of identical lenses, and
- 3, a single separator.

Each of these elements is novel in the sense that no prior art structure shows the plate, or the lens, or the separator, or any equivalent element that could be bodily substituted for any of them.

The plates are elongated in form, having registering marginal parallel flanges which are adapted to be fastened upon one another and have offset body portions which cooperate with one another to form an elongated lens-receiving space or chamber. The body portions are perfectly smooth and are formed with a series of alined lens-receiving openings which extend lengthwise throughout the operative length of the arm.

The lenses are of oval, elongated shape corresponding to the size of the openings in the plates, have rounded outer faces, and have marginal flanges. When assembled the marginal flanges are inside the lens-receiving chamber while the smooth outer faces project through the openings and merge into the outer faces of the plates.

The separator is elliptical and has the same length as the lens-receiving chamber, and serves as a common separator for all the opposing lenses.

The specific advantages of the Magarian patented arm may be classified as follows:

1. **Simplicity in manufacture:** Since the plates are identical and all the lenses are identical and a single separator serves for all the lenses, the component parts are reduced to three (apart from the rivets). The method of assembly is extremely simple; one plate is positioned in inverted position on a horizontal support; a set of lenses is dropped into place; the separator is placed on top of the lenses, a second set of lenses is positioned on top of the separator and the second plate applied, which completes the assembly, except for the riveting operation.

In this operation, the parts almost automatically find their places and assume their correct positions. The lenses on the lower plate, due to their smooth outer faces and their oval curvature, naturally gravitate into position; the separator fits right into the lens chamber and is easily positioned, while the upper lenses naturally move into their proper places on the application of the upper plate. After riveting, all the parts form a compact unit, the plates bearing on the lenses and the lenses on the separator, with little chance of any part becoming loose or displaced.

2. **Visibility:** The lenses are of the reflecting type, which require no inside source of light, but depend for visibility upon reflection of light rays coming from another source, such as the headlights of an approaching car. The lenses are oval in shape, elongated and arranged in alinement so as to occupy a large space on the arm and to form the outline of an arm in themselves, particularly when viewed from a distance.

3. Appearance: The arm is designed to produce what is known at the present time as a streamlined effect, that is, a simplicity of outline that is recognized by our present standards of industrial design and art as being essential for sales appeal. The upper and lower edges are parallel and the lenses are accommodated in a single lens-receiving chamber or space, which again runs parallel to the upper and lower edges. The holding parts for the lenses are accommodated inside the lens receiving chamber and the visible parts of the lenses rise from the plain edges of the lens openings in a smooth curvature which then makes practically an integral part of the arm. The outer faces of the lens-receiving chamber are unbroken by rivets or other fastening means, and a person may slide his hand over edges and sides of the arm without encountering any obstacles. The lenses may be cleaned by the simple method of wiping a cloth over the edges of the arm from end to end.

The sales appeal of the patented arm is most eloquently demonstrated, not only by its immediate conquest of the market, but also by the adoption by the defendants of the same arm, although a large number of other arms were available, as evidenced by the twenty-eight prior patents cited by the Examiner of the Patent Office and numerous prior devices used by both the plaintiff and the defendants.

## B. THE PRIOR ART.

The prior art structures may be grouped as follows:

1. The defendants' prior art structures, comprising

a. Defendants' Exhibit A, the signal arm illustrated in the leaflet, made to simulate the human arm and hand, and allegedly sold by the defendants in 1927;

b. Defendants' Exhibit D, a signaling arm allegedly sold by the defendants during the period from 1931 to 1935.

c. Defendants' Exhibit I, of which only two were sold in 1932.

These are the only prior structures of defendants mentioned in the findings, and apparently are considered the most pertinent ones although a few additional ones were referred to in the testimony. (Defendants' Exhibits C and V.) None of these structures were mentioned in the answer to the complaint.

2. The Plaintiff's prior structure, Plaintiff's Exhibit A.

3. The following prior patents:

Elliott	1,415,817	issued May 9, 1932
Kimbrough	1,600,887	Sept. 21, 1926
Stimson	1,807,350	May 26, 1931
Costenbader	1,673,865	June 19, 1928
Reynolds	1,873,033	August 23, 1932
Carter	1,659,082	February 14, 1932
Miller	1,860,710	May 31, 1932

and the British Patent to Dennis No. 341,652, issued January 22, 1931.

## C. THE UTILITY PATENT.

## 1. COMBINATION IDEA NOT ANTICIPATED.

Out of the three elements mentioned, the plate, the lens and the separator, the Appellant constructed a simple combination in which two identical elongated plates clamp an alined series of paired lenses upon a common separator with substantially uniform pressure.

It is significant to note that no attempt was made in the findings to anticipate the combination idea as a whole, that is, to find a single prior structure which would substantially anticipate the entire invention. And still it is one of the basic axioms of the patent law that a combination can only be anticipated by a similar combination containing the same or equivalent elements.

“In order to anticipate a patent for a combination, a prior patent must disclose all the elements of such combination, or their mechanical equivalents, functioning in substantially the same way to produce substantially the same result.” (*Williams Iron Works Company v. Hughes Tool Company*, 109 F 2nd 500.)

“Disclosures of several prior art patents may not be combined for the purpose of invalidating a patent for a combination.” (*Cover v. Chicago Eye Shield Company*, 111 F 2nd 854.)

It would be difficult indeed to find among the prior structures a single one which would anticipate the plaintiff's general combination.

Referring first to the defendants' own prior structures, the first arm shown in Defendants' Exhibit A comprises merely a single plate, without any lenses.



The arm, Defendants' Exhibit I, again is a single plate, with some decorative features, but without any lenses. The arm Defendants' Exhibit D uses four lenses on each side, but each of these lenses is secured individually to its respective side plate by means of a bolt and nut, and the idea of applying the lenses from within and of clamping all of them between the two plates in a single operation is altogether absent from this arm.

It should be noted, in this respect, that the defendants themselves, in the findings prepared by them, did not mention any of their own prior structures as anticipatory of any feature of the utility patent; nor did they plead any of them.

Of the eight prior patents relied on by the Defendants, the only one mentioned in the findings as anticipating any feature of the Utility Patent is Elliott. (Finding 9, Tr. page 18; Elliott Patent, Page 284 of Tr.) Whether or not it anticipates the particular feature referred to, it certainly does not anticipate the plaintiff's structure as a whole. It does not show any paired lenses, no separator and no general idea of clamping an aligned series of paired lenses between two plates in a single action.

No other prior patent is mentioned in the findings as anticipating the Utility Patent as a whole or any feature thereof, and it is plain that none of them does. Kimbrough relates to roadway reflecting signals and lacks the feature of a signaling arm altogether. The Stimson Patent merely refers to a lens. The Costenbader Patent shows a single plate with lenses fastened



upon opposite faces. The Reynolds Patent discloses a single plate 22 having some reflectors mounted thereon. The Carter Patent shows two lenses 15 and 16 held upon opposite ends of a sleeve 14 by means of retaining rings 15' and 16'. The Miller Patent relates to a highway marker and lacks the features essential to a signaling arm, and the Dennis Patent fastens each stud to its respective plate individually. The idea of the common clamping action of a pair of plates on a series of paired lenses is altogether absent from all of these patents.

There only remains Plaintiff's Exhibit A which represents an intermediate step in the development of the patented invention; it is not the finished article; it is not the "last step", and it does not show any marked resemblance to the finished article.

Whether Appellant could have obtained a valid patent on his Plaintiff's Exhibit A need not be discussed. He did not believe so at any rate; the mental picture he had carried in his mind since 1934, and which involved the use of an elongated lens, was not complete.

Comparing the patented arm with Plaintiff's Exhibit A, there is still considerable patentable difference. In the first place, the unitary structure of the finished article is missing in the Exhibit A. In the latter, the arm is made of four metal plates, which are first assembled into two units to be later united in a further operation. In the patented arm only two plates are used and are assembled into the finished arm in a single operation.

In Exhibit A, two different kinds of reflectors are used, while in the patented arm, all reflectors are alike and interchangeable.

In Exhibit A, round reflectors are used and are apt to work loose and rotate in their sockets, while in the patented device, elongated reflectors are used which cannot work loose and rotate.

In Exhibit A, each pair of reflectors is separately held in place, with individual gaskets between the reflectors, whereby the latter are subjected to individual pressure which may vary widely for different lenses. In the patented arm all the reflectors are accommodated in a single long chamber, with a single separator interposed between the lenses of the different pairs whereby the compressive force by which the lenses are held in place is made substantially uniform throughout the length of the arm.

Exhibit A does not show the marginal flanges of the patented article, and it is necessary to rivet the body sections between the lenses.

Plaintiff's Exhibit A clearly proves, along with other exhibits (Pl. Exhibits K and O, Tr. pages 270 and 271) that the Plaintiff was the one who pioneered the idea of the Stimsonite lens for a signaling arm, but the last step in the perfection of the invention came with the elongated, oval lenses; the simplicity of construction, involving only three elements (the plates, the lenses and the gasket); the elongated chamber for holding all the lenses; the single gasket coextensive in length with the entire chamber to form a common

separator for all the lenses; and the marginal flanges and the parallel faces for exerting uniform pressure throughout the length of the arm. All of these improvements are only found in the patented signaling arm.

## 2. CLAIMS NOT ANTICIPATED.

The prior art structures thus fail to anticipate the patented structure insofar as no single prior art structure, taken by itself, can be said to show the combination of Plaintiff's structure. The next question is whether the claims defining the invention are such as will avoid the prior art.

### a. Claim 4 analyzed.

Since all the claims in issue have been held invalid, and there is little doubt but that all of the claims in issue are infringed by the defendants' structure, we might begin with the discussion of the most specific claim, which is Claim 4.

Claim 4, with its different parts or elements segregated, reads as follows:

4. In a direction indicator, a signal arm comprising:

a, a pair of elongated plates arranged face to face and having marginal flanges,

b, the body sections of the plates being offset to define an elongated lens-receiving space,

c, each of the body sections having an alined series of openings therein registering with those of the other,

d, lenses mounted in the openings of each body section and having flanges bearing on the inner faces thereof,

e, a common separator for spacing opposing lenses, the separator being coextensive with the lens-receiving space to facilitate positioning of the same during assembly,

f, the faces of the body sections being parallel so as to exert uniform pressure on the interposed lenses and the separator.

This claim, no doubt, recites a genuine combination, in which each part performs its function in cooperation with the other parts, and therefore, is not subject to piecemeal anticipation. There is no element or part in this claim which stands off by itself and would add merely an aggregative, unrelated feature. By all the rules of our Patent Law, it would seem to be necessary to show that a single prior art structure discloses a combination of substantially the same elements or the equivalents thereof.

Where is such prior art to be found? The findings fail to point out a prior structure combining these elements, and a careful scrutiny of all of the prior structures leads to the realization that there is no such structure.

Probably the closest structure is Plaintiff's own prior development, Plaintiff's Exhibit A. The findings, at least, dwell on this structure more than any other. Upon careful comparison it will be noted that this structure does not meet the spirit of the claim nor

of any of the individual elements thereof. Taking up the elements one by one:

a, "a pair of elongated plates arranged face to face and having marginal flanges". These plates are described in the patent as follows: (page 1, Column 1, lines 52 and flg.):

"In its preferred form my signaling arm comprises a pair of complementary plates 2 of identical construction, each having a flange 3 along its upper, outer and lower edge, and a body portion 4 set off relative to the flange but substantially parallel thereto, the body portion extending inwardly beyond the flange, as shown at 5."

"The two plates, when placed in assembled relation, register completely with the flanges 3 disposed in immediately adjacent relation and secured together, by rivets 6 or by spot-welding or other suitable means, and the body sections forming a hollow body which extends inwardly beyond the flanges."

The structure of Plaintiff's Exhibit A uses two pairs of plates instead of one pair. An outer pair forms the arrowhead and an inner pair the length of the arm. The outer pair has the marginal flanges, but does not answer any part of the remainder of the claim, for the reason that it has only one set of lenses. The inner pair does not have the marginal flanges, at least not such flanges as could be used for fastening the plates together. As a matter of fact, the rivets go right through the center of the body portions, an arrangement that could not be used in either the plaintiff's or the defendants' devices because the



lenses are supposed to take up substantially the entire space in the body sections, for the sake of the linear effect and increased visibility.

It is hardly necessary to point out that Plaintiff's Exhibit A requires three separate assembling operations instead of the single assembling operation of the three devices in issue. (Plaintiff's Exhibits C, D and E.)

b, "the body sections of the plates being offset to define an elongated lens-receiving space". In Plaintiff's Exhibit A, the outer plates (the arrowhead) do not define an "elongated", but a "round" lens-receiving space, and the inner plates do not show an "offset" with respect to any marginal flanges because there are no such flanges.

c, "each of the body sections having an alined series of openings therein registering with those of the other".

d, "lenses mounted in the openings of each body section and having flanges bearing on the inner faces thereof."

These two elements may be discussed together because the openings and the lenses are complementary in shape. The lenses "are accommodated in openings 22 in the plates, which in the form shown in Figures 1-4 are the same size as the body portions of the reflectors". (Page 1 of the patent, second column, lines 51 and fig.)

What does the term "alined series of openings" mean? The patent stresses throughout the importance



of the feature that the lenses are elongated in the direction of the arm, which not only makes each lense in itself a miniature direction indicator, but also accentuates the alinement and allows the lenses to occupy greater space on the arm than could be done by means of round reflectors.

“In the furtherance of these objects, it is proposed to use reflecting lenses in combination with a signaling arm and to arrange a plurality of lenses on an arm in such a manner that the lenses form a line coinciding with the line formed by the arm so that the lenses serve to accentuate the directional information given by a particular position of the arm.” (Patent, page 1, column 1, lines 11 and flg.)

“It is further proposed to use lenses which of themselves are of a shape elongated in the general direction of the arm so as to aid in conveying directional information.” (Patent, page 1, Column 1, lines 19 and flg.)

“The signaling or outer portion of the arm is constructed to display a plurality of reflecting lenses 16 which are preferably made oval or elliptical in shape and which are arranged with their long axes alined and running in the same direction as the arm.” (Patent, page 1, Column 2, lines 32 and flg.)

It is thus apparent that in a fair interpretation of the patent, the term “series of alined openings” has reference to the elongated openings having their long axes alined, as shown in the drawing.

With this interpretation, it is clear that the Plaintiff's Exhibit A does not show the series of alined

openings, neither in the outer piece, which has only one set of lenses, nor in the inner piece, in which the lenses are not elongated, and therefore present no long axes which can be brought into alinement.

Such construction is plainly warranted under the general rule of interpretation, stated in Walker, Deller Edition, on Page 1242, as follows:

“Patents are to be liberally construed so as to secure to an inventor the real invention which he intends to secure by the patent, and the specification may be referred to in order to explain any ambiguity in the claim and to limit the claim, but the specification is never available to expand the claim.”

e, “a common separator for spacing opposing lenses, the separator being coextensive with the lens-receiving space to facilitate positioning of the same during assembly.”

This separator is of considerable importance for the reasons that it facilitates the assembly of the parts, and its use presupposes the simplified construction of the patented arm. When the two plates are arranged face to face, they define an elongated lens-receiving space or chamber, and this separator is made to just fit inside the chamber, for easy placing. Since the walls of the chamber are parallel and the lenses are all alike and of the same thickness, the single separator will do for all the lenses. This very much simplifies the assembly of the arm, which is described in the patent as follows (Patent, page 2, Column 1, line 14 and fig.):

“One of the two plates 2 is laid on a suitable support with the concave face presented upwardly. Next the lenses intended for the first plate are placed in position in the plate openings, as in Figure 4. The separator, which may be flexible and impervious to light rays, and which is preferably made of paper or cork composition, is placed on top of the lenses.”

“Next the opposite lenses are placed to register with the lower lenses, whereupon the second plate is applied and secured to the first plate by rivets or otherwise. Any slight inaccuracy in the placing of the lenses will be automatically adjusted by the assembling of the plates since the openings in the latter fit closely around the body portions of the former.”

Plaintiff's Exhibit A does not use this common separator and could not use it, since it is made in two different parts which are fitted together after assembly of each.

The findings do not indicate any prior structure showing the common separator but dispose of the latter by stating that the use thereof did not amount to invention. It is true, the separator by itself is merely a single piece of material of a desired form, but so is the lens, and so is the plate and so is each element of an automobile and of a combined harvester. The patentable idea does not lie in the element itself, but in the combination of the element with a specific structure permitting it to be used. The single backing for all the lenses of a signaling arm, no doubt, facilitates the assembling and produces a better article. As has been pointed out, it could not be used

in Plaintiff's Exhibit A; neither could it be used in any of Defendants' prior structures; nor in any of the prior patents relied on.

f, "the faces of the body sections being parallel so as to exert uniform pressure on the interposed lenses and the separator."

In the patented signalling arm, the body sections 4 of the plates are absolutely parallel. There are no flanges surrounding the lenses, no rivets breaking the parallellism of the body sections. The lenses have flanges fitting upon the inner margin of the openings, but the body portions of the lenses rise directly from the flat faces of the plates. This makes for uniformity in pressure on the lenses and the separator all around.

Plaintiff's Exhibit A does not show this uniformity in construction. Each lense is mounted in its special flange and the rivets project right through the body sections. This makes it practically impossible to secure uniform pressure on the edges of the lenses. The Plaintiff testified with regard to the lens mounting on Plaintiff's Exhibit A (Tr. page 96):

"A. We had difficulty with that, we couldn't hold them in position.

Q. Some were loose and some were tight?

A. They would get loose very quick because, as I say, the form portion wasn't flat; it was more or less tapered. You can just take these lenses and rotate them around."

While the term "uniform pressure" is not found in the descriptive part of the patent, this function is

clearly inherent in the structure described, as distinguished from the structure of Plaintiff's Exhibit A.

No finding was made with respect to this last element of the claim, and, in fact, no prior patent and no prior art structure shows this feature.

b. Claim 4, combination idea novel.

No attempt has been made in the findings to anticipate the combination of Claim 4.

Findings 9, 10, 11 and 12 follow the language of Claim 1 and find each of the four parts or elements thereof anticipated. Since all four elements are found to be anticipated in the same prior structure (Plaintiff's Exhibit A), these findings may be considered a specific finding on the combination of Claim 1.

But such is not the case in connection with Claim 4. There is no finding with respect to the combination of Claim 4. Findings 15 and 16 relate to isolated features of Claim 4 and state that the use of a plurality of reflecting lenses in a row on the sides of a vehicle signaling arm, the use of elongated lenses for this purpose, the use of a single separator between the lenses and the making of this separator so as to be coextensive with the lens-receiving space, are features which did not amount to invention at the time of plaintiff's alleged invention.

These findings rather accentuate the fact that the features enumerated could not be found in the prior art structures. But, whether correct or not, they do not cover the combination idea of Claim 4, which defines an arrangement in which two identical plates clamp an alined series of paired reflectors upon a



common separator with substantially uniform pressure.

This combination, simple though it may be, produced an article, new and attractive, which stands out among its predecessors as an article of distinct merit, which may be easily picked from all of the prior structures as the most practical and attractive one and which won immediate recognition in the market by commanding a sale of over 70,000 in a few years.

It certainly is significant that, after the arm had been on the market for fifteen months, and after over 20,000 had been sold throughout the Western territory, the Appellees decided to place on the market substantially the same article. If Wallace himself had not seen the Magarian arm at that time, it may be safely assumed that someone in his organization had observed it, and had in some way conveyed the information.

No finding was made with respect to the last element of Claim 4 relating to the parallel faces of the body section exerting uniform pressure.

It is respectfully submitted that the findings do not support the judgment of the trial court holding Claim 4 invalid, and it is further submitted that Claim 4 does define a patentable combination not anticipated in any prior art structure.

**c. Claim 3, novel combination.**

Claim 3 is substantially the same as Claim 4, but omits the last limitation, referring to the parallel faces of the body sections. This claim is submitted on sub-



stantially the same argument, for the reason that it still defines a combination in which a pair of identical plates clamp an aligned series of paired reflectors upon a common separator which latter is coextensive with the lens-receiving chamber formed between the plates so as to facilitate the assembling of the device.

Since both of the accused devices are substantially Chinese copies of the patented structure and are clearly covered by Claims 3 and 4, and would be covered by any claim that could possibly be drawn on the patented structure, no matter how limited in scope, it is hardly necessary to spend much time on a discussion of Claim 1.

**d. Claim 1, novel in the light of the specifications.**

The Defendants attempted to show, in the cross-examination of Mr. Magarian (Tr. page 70 and flg.), that Claim 1 substantially reads on Plaintiff's prior structure Exhibit A, taking the outer end, that is the arrowhead, by itself. A side by side comparison of the two structures clearly indicates that the two structures (Plaintiff's Exhibit C and the head of Plaintiff's Exhibit A) are entirely different. In fact, the head of Plaintiff's Exhibit A would not make a signal arm since it has no length as called for in an arm and has only one pair of reflectors.

The principal object of the invention, as stated in the patent, is "to arrange a plurality of lenses on an arm in such a manner that the lenses form a line coinciding with the line formed by the arm so that the lenses serve to accentuate the directional information given by a particular position of the arm".

The outer end of Plaintiff's Exhibit A lacks this feature altogether, and, if used by itself on a motor vehicle at nighttime, would not give any information whatsoever because it produces no linear effect.

If Claim 1 is given a fair interpretation, with the words used in their common meaning and construed according to the specification, it will be readily seen that it is not anticipated by Plaintiff's Exhibit A. The claim, segregated into its elements, reads as follows:

1. In a lens mounting for a signal arm,

a, two elongated plates having registering marginal flanges and spaced body portions with registering openings therein,

b, lenses having flanges bearing upon the inner margins of the openings and having body portions projecting through the latter,

c, a separator between the lenses and means for securing the flanges of the plates together whereby the body portions of the plates are made to clamp the lenses upon the separator,

d, the lenses having shaped inner faces to produce desired reflecting effects and the separator serving to prevent play between the lenses and the plates.

What does the term "elongated" mean? The general objects of the invention, as well as the drawings clearly indicate that the term refers to an article that has the length of an arm and produces a distinct linear effect, so as to be capable of indicating by its position, whether it slants downward or upward or

is in a horizontal position. No such linear effect is produced in the head of Plaintiff's Exhibit A.

The claim further calls for "spaced body portions" and "marginal flanges". The term "body portion" usually implies that it is the main part of a structure, while the term "flange" usually implies that it is a mere adjunct, serving a minor function, such as holding body portions together. In the patented device, the term "body portion" is properly applied because it applies to the main portion or part of the signal, and the term "flange" is also properly applied as referring to a subsidiary part. In Exhibit A, the lens-holding portion would hardly be described as the body portion and the outer portion would hardly be described as a marginal flange.

The claim further calls for "openings", in the plural, which in the light of the disclosure naturally means a series of openings for each plate, and a corresponding number of lenses, whereas in Plaintiff's Exhibit A, there is only one opening and one lens for each plate.

It is respectfully submitted that Claim 1, if the terms are interpreted in their ordinary meaning and in the light of the disclosure, giving due regard to the objects of the invention, is not met in the prior structure of Plaintiff's Exhibit A.

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#### D. INFRINGEMENT OF UTILITY PATENT.

The question of infringement needs little discussion. The judgment of the Trial Court holding all

the claims invalid, creates a presumption that the Court believed the claims infringed by the Defendants' devices, because, as a rule, Courts rather save the patent if there is any support for a judgment of non-infringement.

"Where the patent is not infringed, there should be no findings as to its validity, since validity of the patent should not be passed upon unless it is necessary to do so." (*Automatic Arc Welding Company v. A. O. Smith Corporation*, 60 Fed. 2nd 740.)

As a matter of fact, the Defendants' structures are substantially identical with the patented structure, and it would be difficult indeed, to write a claim on the patented structure that would not cover the accused structures, no matter how limited an interpretation is placed on the terms of each claim.

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#### E. THE DESIGN PATENT.

A design patent is directed to the aesthetic appearance of an article, its sales appeal, its over-all effect.

There are only two findings referring to the Design Patent, namely:

13. It was not new at the time of the alleged invention of Plaintiff's Design Patent to have a signal arm composed of identical elongated plates having raised center portions and marginal flanges with reflectors mounted in a row along the length of the raised center portions, these being shown to be old in Defendants' Exhibit D. (Tr. page 19.)

14. It was not new at the time of the alleged invention of Plaintiff's Design Letters Patent to use elongated lenses or reflectors on signal arms, such being shown to be old in the Costenbader Patent (same).

These findings would support the judgment of invalidity only if substitution of the Costenbader lenses (Tr. page 299) for the lenses used in Defendants' Exhibit D would make the latter the aesthetic equivalent of the patented signaling arm.

But, as a matter of fact, it does not. Costenbader uses an ordinary reflector whereas Appellant was the one to pioneer the idea of the Stimsonite reflector in connection with signal arms. Costenbader shows only one set of reflectors whereas Appellant introduced the "line of light" idea which makes a maximum space on the arm available for reflecting purposes. Both Costenbader and Defendants' Exhibit D mount the reflectors upon the outside of the supporting plate, each reflector by itself, in a special setting which breaks the surface continuity so much desired for aesthetic effect, while Appellant introduces the idea of mounting the reflectors "from within", which causes the body portions of the reflectors to smoothly rise from the face of the plates and to form a practically continuous surface therewith. The Defendants' Exhibit D seeks aesthetic appeal in a rather primitive scheme of diversity, three little buttons and one big button, round buttons on an elongated arm, a special setting for each button and an arrowhead setting off the end against the middle.



Appellant's device comes much closer to satisfying the modern aesthetic sense of uniformity and streamlined simplicity. All the lenses are alike, they rise smoothly from the surfaces of the plates, they form a straight "line of light" with parallel upper and lower lines, and the plates form a straight frame running parallel to the line of light.

From an aesthetic standpoint, it can hardly be questioned that the three devices in issue, Plaintiff's Exhibits C, D, and E, stand apart in a class of their own, as compared with all the prior art structures and create an impression of simple elegance and perfection which is not found in any of the prior art structures. And that seems to be the essence of a Design Patent.

---

#### F. INFRINGEMENT OF DESIGN PATENT.

The three structures in issue, Plaintiff's Exhibits C, D and E, on the other hand, are distinctly members of the same class, as compared with other prior art structures. Any person viewing the three structures among the prior art structures would almost automatically set off the three structures as belonging in a class of their own, as being substantially the same in aesthetic appearance and sales appeal.

That one of the arms has two sets of reflectors instead of three, does not affect the aesthetic appearance and sales appeal of the structures. That is merely an arbitrary difference, and does not affect the sales appeal any more than if one were marked



Smith and the other Jones, or if one were painted white and the other yellow. If such distinctions were of any value, anyone could avoid a design patent by an arbitrary change in color or other arbitrary marking.

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#### G. THE LAW (VALIDITY).

In discussing the law on the points involved in the present case, Appellant will confine himself principally to a single recent decision, the facts of which were so similar to those of the present case that the reasoning of the Court may be applied almost word for word. This is the case of *Forestek Plating and Manufacturing Company v. Knapp-Monarch Company*, 106 Fed. 2nd 554.

The patented article was a combination Tray and Toaster, and the principal novel idea was to secure the toaster to the tray in such a manner as to provide ample open space between the two members so as to allow air to circulate between the same for keeping the tray relatively cool.

The article was protected, as in the present case, by a utility patent and by a design patent. Both patents were in issue and the circumstances surrounding the case were substantially the same as those of the present case.

Both patents were held valid and infringed by both the trial court and the Appellate Court.

The law is so well summarized in this decision that Appellant cannot do better than to copy directly into this brief:

(1-3) In determining the validity of the claims involved, the following legal principles are applicable;

first, that the issuance of the patent is enough to show, until the contrary appears, that all of the conditions prerequisite to patentability are present and that a heavy burden rests on the assailant to show invalidity. *Mumm v. Jacob E. Decker & Sons*, 301 U.S. 168, 171, 57 S. Ct. 675, 81 L. Ed. 983; *Adamson v. Gilliland*, 242 U.S. 350, 353, 37 S. Ct. 169, 61 L. Ed. 356;

second, that a new combination of elements, old in themselves, but which produces a new and useful result, or any diversity of arrangement of old things which introduces a new function, or a new and useful method performing the old function, in a new way, support patentability, *Expanded Metals Company v. Bradford*, 214 U. S. 366, 381, 29 S. Ct. 652, 53 L. Ed. 1034; *Webster Loom Company v. Higgins*, 105 U. S. 580, 591, 26 L. Ed. 1177;

third, if those skilled in the mechanical arts are working in a given field and after repeated efforts, fail to discover a new and useful improvement, he who first makes the discovery has done more than the skilled mechanic in the arts and has achieved patentability. *Temco Electric Motor Company v. Apco Manufacturing Company*, 275 U. S. 319, 48 S. Ct. 170, 72 L. Ed. 298.

(4) The presumption of patentability is strengthened by the fact that the manufacturers discarded alleged anticipating devices and accepted that described in the patent, and also by the immediate acceptance and use by the public of Appellee's appliance and the displacement of

earlier ones, and is indicative of invention rather than mechanical skill, where, as here, the question of patentability is narrow. *Electric Machinery Manufacturing Company v. General Electric Company*, 2 Cir., 88 Fed. Sec. 11.

(5) Where the method or device satisfies an old and recognized want, invention is to be inferred, rather than the exercise of mechanical skill. For mere skill of the art would normally have been called into action by the generally known want. *Paramount Publix Corp. v. American Tri-Ergon Corp.*, 294 U. S. 464, 474, 55 S. Ct. 449, 454, 79 L. Ed. 997. \* \* \* Appellant paid its tribute to the utility of Appellee's device by discontinuing the use of the now claimed anticipating appliances and adopting Appellee's. *Diamond Rubber Company v. Consolidated Tire Company*, 220 U. S. 428, 441, 31 S. Ct. 444, 55 L. Ed. 527.

Referring to the Design Patent, the Court states as follows:

Page 559: The design was for a novel combination of tray and toaster, low, compact, small, smooth and neat, with embossing on the tray and the top of the toaster and on the handles, the whole structural design appealing to the eye, with the upper part coming entirely down toward the base and harmonizing with it. It had the appearance of stability and long wearing life, with a smooth curving contour, and contrasting colors of metal and black.

(8) \* \* \* Every new design of an article manufactured is not patentable. It was the intent of the Congress in the adoption of the design patent law to encourage ornamentation and beautifica-

tion in manufactured articles so as to increase their salability and satisfy the aesthetic sense of the purchasers.

(15) \* \* \* Appellant has been developing and placing on the market, sandwich toasters since 1929, and the fact that it abandoned its own design and adopted Appellee's in all essential particulars, is persuasive evidence that Knapp made a discovery that had escaped the draftsmen skilled in the art.

This decision is so analogous to the present case in both the facts and the application of the law and is so well supported by prior decisions of highest authority, that it hardly seems necessary to refer to additional decisions.

Appellant, however, deems it proper to state that in the decision relied upon there was a dissenting opinion. But the principal argument of the dissenting judge does not apply to the present case. The dissenting judge could not see any combination between the tray and the toaster, stating that "together they perform no unitary or joint function any more than do the pencil and the eraser in the classic case of *Reckendorfer v. Faber*." Whether or not this charge was justified, it certainly does not apply in the present case, in which the plates serve to clamp the lenses upon the separator, the latter presses the lenses against the plates, and the shape of the various elements serve to facilitate the assembling of the parts. If ever there was a genuine combination between different parts, Appellant's device certainly presents such a combination.

Another recent decision in point is *Robertson v. Klauer*, 98 Fed. Sec. 150. This case refers to ventilator structure, and the Court, in upholding the patent, comments as follows:

Page 194:

“Obviously, each element is sized, formed and positioned in particular relation to all or some of the other elements and none can fulfill its mission alone. The usefulness of each arises from and depends upon its co-action with other elements \* \* \*”.

“There is no dispute that a mere aggregation of old elements creates nothing new. It is a mere tying together of so many sticks which retain their entire separate identity of character and function. But the joining of old elements in a way to bring about a new and useful result is not aggregation—it is ‘combination’ and patentable.”

This seems to perfectly describe Applicant’s invention. Each of the elements, the plate, the separator, and the lens, had to be particularly developed to fit into the general plan; each is sized, formed and positioned in particular relationship to all the other elements, and none can fulfill its mission alone. The usefulness of each arises and depends upon its co-action with the others.

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#### H. THE LAW (INFRINGEMENT).

That both of Appellee’s devices (Plaintiff’s Exhibits C and D) fall within the scope of Claims 1, 3 and 4 of the utility patent, will hardly be denied. It is also



clear, without argument, that Plaintiff's Exhibit E (the three window arm) is so identical with the patented arm that it falls within the scope of the design patent. Although the Appellees have discontinued use and manufacture of this arm, they have not done so in deference to the patent, but allegedly for other reasons. (Tr. page 60, last paragraph.) Appellant, therefore, is interested in securing injunctive relief against manufacture and sale by Appellees of the three-window signal arm (Plaintiff's Exhibit E) as well as of the other arm.

The next question is whether the design of the two-window arm (Plaintiff's Exhibit D) is sufficiently close to fall within the scope of the design patent.

Identity of design has been defined by the Supreme Court in *Gorham Manufacturing Company v. White*, 14 Wall. (81 U. S.) 511, as follows:

“What is the true test of identity of design? Plainly it must be sameness of appearance; and mere difference of lines in the drawing or sketch, a greater or smaller number of lines or slight variances in configuration, if insufficient to change the effect upon the eye, will not destroy the substantial identity. *An engraving which has many lines may present to the eye the same picture or conception as another with fewer lines. The design, however, would be the same.* So a pattern for a carpet or a print may be made up of wreaths of flowers arranged in a particular manner. Another carpet may have similar wreaths arranged in a like manner, so that none but very accurate observers could detect a difference; yet in the wreaths upon one there may be fewer flowers, and



wreaths may be placed at wider distances from each other; surely in such a case the designs are alike."

Under the Supreme Court Decision just given, the criterion seems to be whether the patented device and the accused device produce the same pleasing effect upon the eye. The change from three windows to two windows apparently is purely arbitrary, does not involve any inventive thought and professedly was made merely for the purpose of evading the patent. (Tr. pages 220 and 221.) In fact the italicized portion of the Supreme Court Decision may be bodily transferred to the present case to read as follows:

*A signaling arm which has two lenses may present to the eye the same picture, and to the mind the same conception as another with three lenses. The design, however, would be the same.*

The Supreme Court clearly indicates that in the example selected of the carpet, it would not make any difference whether the wreaths might have fewer flowers or might be spaced at wider distances from one another, as long as the wreaths were arranged in the same manner. This would seem to fit the present case, in which the plates and the lenses are arranged in the same manner, but two lenses were substituted for three.

The Court in the case cited also defines identity of design as follows:

"We hold, therefore, that if in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially

the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.” (*Gorham Co. v. White*, 81 U. S. 511.)

The Court thus leaves the decision to the ordinary purchaser, instead of the expert. It further, in the same decision, rejects the idea of side by side comparison, but refers to such comparison as might be made by a person who has previously made up his mind to buy a certain article, and then enters a store to buy it; that is, “memory comparison”.

It should further be noted that a design patent is not a trademark.

“But the object of a design patent is not to identify the article as an article of trade, but to ornament it so as to make it pleasing to the eye, the true rule being: What is the aesthetic effect? And does the alleged infringing device produce upon the eye of the ordinary observer the same aesthetic effect? The sameness of appearance is the sameness of aesthetic effect to the eye.”

*Bolt and Weyer Co. v. Knight Light Co.*, 180 Fed. 413.

The Appellees dwell upon the fact that no particular instances of confusion were brought to the attention of the Court. Such confusion would be exceedingly difficult to prove. The arbitrary change in the number of windows has a certain trademark value or significance, and in side by side comparison, the two arms may be readily distinguished in the same manner as if they prominently displayed different trademarks.

But a design patent is not a trademark. A design patent covers an invention directed to the creation of an article of pleasing appearance, while the very idea of a trademark is arbitrary distinctiveness. If, for instance, in the example selected by the Supreme Court, the two carpets were of exactly the same design and produced the same artistic effect, but the Appellees had arbitrarily placed a red splash right in the center of the carpet, would that avoid infringement of the design patent? Hardly, because the Appellees would still use the infringing design; and yet the Appellees could argue that the ordinary observer would not be deceived or confused, because he could easily distinguish the Appellees' carpet by the red splash.

Confusion would hardly arise in the manner suggested by the Appellees, that a customer might write to the Appellant for a two-window arm or to the Appellees for a three-window arm. In fact, should it happen, it would not prove anything, because it would merely show that this particular customer was already familiar with the arbitrary distinction and merely traced the arm to the wrong source or origin, which would only be of trademark interest.

Source or origin of an article has nothing whatever to do with a design patent which may be infringed even though the owner of the patent may have no article on the market. The sole deciding factor is similarity of aesthetic appearance.

Confusion would be more apt to arise in the following manner: A prospective customer, while driving

on the highway might see the Magarian arm on a truck. It might appeal to him to the extent that he makes up his mind to buy a number for his trucks. A few days later he passes a show window displaying the Detroit arm. "Oh, Yes", he says to himself, "that is the arm I was going to buy", and he steps into the store and buys several. But, in this case, it would be impossible to prove confusion, because the customer, himself, would not know that it was the Magarian arm that sold him on the Detroit arm.

In this respect it becomes important that when viewed from a distance, as by a person traveling on the highway, the reflectors, according to Magarian's testimony, actually do fuse into a continuous line of light, which obliterates the difference in the number of reflectors. (Tr. Page 107):

"Q. You have never mistaken your signal arm for the Detroit arm, have you?"

"A. From a distance, yes, where it is used on the trucks, because from a distance of about one hundred and fifty or two hundred feet, the lenses blend in together, and you see a continuous reflecting area because these narrow portions here (between the lenses) are rather small and they blend in. From a distance, yes, you can confuse them; right close, I can tell myself."

Or a big concern, like the Western Auto Supply Company, might reason as follows: The two arms look alike to us from a point of view of sales appeal and we buy from the one who offers a slight advantage in terms, which is apparently what actually happened. (Tr. Pages 123, 124 and 151.)

In this case again, there would not be any confusion as to origin, or even as to identity of the two arms, but certainly the Detroit arm would be sold on the strength of the aesthetic appearance of the patented arm. The fact, that, after the adoption by Appellees of the accused arm, the Western Auto Supply Company divided its business between the parties to this action, is excellent proof in itself that this Company was of the opinion that the arms had the same sales appeal.

In view of the above considerations, it is respectfully submitted that the two-window arm of Appellees is a clear infringement of the design patent. A design patent calls for invention in the same manner as a utility patent. If, after an inventor has spent time and money and inventive skill on the development of a new and commercially successful article of manufacture, after he has gone through a rigorous procedure before the Patent Office of the United States to establish his patent rights, after he has gone to the initial expense of making it a commercial success; if, after all his effort and expense, a competitor can virtually copy the design and structure, and, by the introduction of an arbitrary change of mere trademark significance, avoid infringement, this would certainly make a mockery out of our Patent System.

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## I. OTHER DEFENSES.

### 1. ALLEGED SUPPRESSION OF EVIDENCE.

Appellees claim that Appellant comes into Court with unclean hands for the alleged reason that he sup-



pressed evidence relative to Plaintiff's Exhibit A during the Patent Office procedure.

This charge is much too absurd to deserve serious consideration. In applying for his patent, the Appellant followed the usual procedure generally adopted by every applicant for a patent. He submitted his disclosure, accompanied by a set of claims, which, of course, were prepared by his attorney, and left it to the Examiner of the Patent Office to find the best references. The twenty-five references cited by the Examiner gave him ample to argue about. The Patent to Elliott (Tr. page 284), as modified by Kimbrough (Tr. pages 288 and 293), and as applied by the Examiner, had substantially the same anticipatory value as his own prior device, Plaintiff's Exhibit A, and there is no reason to assume that the Examiner would have acted any differently if Plaintiff's Exhibit A had been brought to his attention.

The allowed claims do not read on Plaintiff's Exhibit A, any more than they do on Elliott as applied by the Examiner, in view of Kimbrough and Stimson. They do not cover Plaintiff's Exhibit A, but only the differences of his new arm over the old arm, and the Appellees are not sued because they use Plaintiff's Exhibit A, but because they use the very features which distinguish the patented arm from Plaintiff's Exhibit A.

It is well-known that hardly any Applicant brings all of his prior doings to the attention of the Patent Office. Appellant certainly had good cause to believe, upon seeing all of the references cited by the Exam-



iner, that his own prior art would make no difference, and, in fact, he still firmly believes that his own prior arm does not affect the present controversy.

## 2. ALLEGED FALSE MARKING.

The reflectors used in the signaling arm are covered by a series of patents owned or controlled by the manufacturers of the Stimsonite Lens. The numbers of these patents are applied by the manufacturer to the flange of the lens (Tr. page 46) and become hidden in the signal arm assembly. Appellant, therefore, applied the numbers to the name plate on the signaling arm. This was done in full compliance with the law. Any one who purchases a patented article from an authorized source, secures thereby a license to use the article in the manner contemplated. Appellant bought his lenses from Guide Lamp Corporation for the avowed purpose of selling them as part of his signaling arms. Appellant thereby secured the license to sell the lenses in the manner proposed and became a licensee under the patents to that extent.

Many license agreements contain a clause making it obligatory upon the licensee to properly mark the licensed article, and Appellant had the full right to assume that, if there had been a written license agreement, it would have contained such a clause.

But, apart from any contractual relationship, the law positively imposes a duty upon any one selling under a patent to properly mark the article;

Section 4900 R. S. It shall be the duty of all patentees and their assigns and legal representatives,

and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented; either by fixing thereon the word "Patent" together with the number of the patent; or, when from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is inclosed, a label containing the like notice.

Appellant acted strictly in compliance with this section. He certainly sold the articles "under the patents"; from the character of the lenses, he could not place the notice directly on the lens; so he did just what the law prescribes, he fixed a label to the lenses and applied the notice to the label. It should be noted that, under this Section, the marking is as much for the protection of the public, as for that of the patentee.

### 3. ESTOPPEL BY FILE WRAPPER.

This defense apparently was not pressed by the Appellees, and the record fails to show any facts substantiating the same.

Appellant is not attempting to recapture any claims that may have been cancelled in the regular prosecution of the case, but merely asks for a reasonable interpretation of the claims as finally granted. The Appellees' structures are so close to Appellant's that the most limited construction placed on the claims would still bring the accused devices within the scope thereof.

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### J. CONCLUSION.

There is no force in any of the subsidiary defenses raised by the Appellees. If the Trial Court had at-

tached any weight to them, it probably would have indicated this, rather than declare both patents invalid, for lack of invention.

The only important question in issue is that of validity of the patent, in view of the prior art, and on this question Appellant feels that the Decision of the Trial Court should be reversed for the main reason that no prior art structure anticipates the combination idea of the invention, whether viewed from the utility or the design point of view.

It is respectfully submitted that the invention :

1, comprises a new combination of elements, each of which had to be particularly designed to perform its function in the combination,

2, represents an article of attractive appearance and decided sales appeal,

3, is not anticipated in any prior structure,

4, has been remarkably successful in the market, and has substantially replaced all older structures,

5, has been adopted by the Appellees, although many prior art structures, including their own, were available.

Appellant, therefore, respectfully asks that both patents in issue be declared valid, and infringed by both of the accused structures.

Dated, San Francisco,

October 6, 1941.

ADELBERT SCHAPP,

*Attorney for Appellant.*



In the  
United States  
Circuit Court of Appeals  
In and for the Ninth Circuit

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MASICK C. MAGARIAN,	}
<i>Plaintiff-Appellant,</i>	
v.	
DETROIT PRODUCTS COMPANY, a	
copartnership composed of Floyd E. Wallace and Percy J. Elwell,	
<i>Defendants-Appellees.</i>	

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Brief for Appellee

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PAUL R. O'BRIEN,





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In the  
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MASICK C. MAGARIAN,  
*Plaintiff-Appellant,*

v.

DETROIT PRODUCTS COMPANY, a  
copartnership composed of Floyd E.  
Wallace and Percy J. Elwell,  
*Defendants-Appellees.*

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No. 9811

Brief for Appellee

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The plaintiff-appellant has appealed from the holding by the Lower Court that the plaintiff's patents are invalid for lack of invention.

The Specifications of Error filed by the plaintiff-appellant and reproduced at pages 13 to 16 of appellant's brief attack the Findings of Fact and Conclusions of Law supporting the decision of the Lower Court. No useful purpose would be gained by attempting to answer all of the assertions and contentions raised in the appellant's brief. The controlling factor is that claim 1 of plaintiff's patent is anticipated by

Plaintiff's Exhibit A which was manufactured and sold more than two years prior to the filing of the plaintiff's application that matured into his patent.

Claims 3 and 4 are invalid for lack of invention over Plaintiff's Exhibit A and other prior art.

The plaintiff-appellant's design patent is likewise invalid for lack of invention over the prior art and for the further reason that the novelty, if any, in the design patent is dictated only by utilitarian considerations.

### **CLAIM 1 OF PLAINTIFF'S PATENT IS ANTICIPATED BY PLAINTIFF'S EXHIBIT A**

Claim 1 of the plaintiff's patent reads as follows:

"1. In a lens mounting for a signal arm, two identical elongated plates having registering marginal flanges and spaced body portions with registering openings therein, lenses having flanges bearing upon the inner margins of the openings and having body portions projecting through the latter, a separator between the lenses and means for securing the flanges of the plates together, whereby the body portions of the plates are made to clamp the lenses upon the separator, the lenses having shaped inner faces to produce desired reflecting effects and the separator serving to prevent play between the lenses and the plates."

The plaintiff, himself, while under cross-examination testified (R. p. 70 and 71):

"Q. You were selling arms having that outer end like plaintiff's Exhibit A prior to November 16, 1935?"



A. Yes, I started selling those in April or May of 1935."

The plaintiff's application was not filed until November 16, 1937. Consequently, Plaintiff's Exhibit A having been sold on the open market for more than two years by plaintiff prior to the filing of his application has been conclusively abandoned to the public and is part of the prior art. This is apparently conceded by appellant. (Appellant's brief, p. 22.) The plaintiff-appellant then testified (R. 71-73) as follows:

"Q. Now, in that outer end of the arm, Plaintiff's Exhibit A, you likewise have *a lens mounting for a signal arm*, do you not?

A. Yes, sir.

Q. It comprises *two identical elongated plates*, doesn't it?

A. Yes, sir.

Q. Those plates having registering—

A. The term elongated there, is slightly questionable. I don't want to say, it is exactly elongated, because it isn't. The term elongated don't apply to this, as well as the arm where you have a definite elongation. The word elongated may not exactly apply to this.

Q. In those plates you have in your hand, which are a duplicate of the outer end of Plaintiff's Exhibit A, are longer than they are wide, aren't they?

A. Yes, slightly longer.

Q. They have *registering marginal flanges*, don't they?

A. Yes.

Q. *And spaced body portions?*

A. Yes, sir.

Q. *With registering openings therein?*

A. Yes, sir.

Q. And you have lenses having flanges bearing on the inner margin of the openings?

A. Yes sir.

Q. In that outer end?

A. Yes sir.

Q. You have body portions of the lenses through the latter. That is, through the body portions of the plate?

A. Yes sir.

Q. Do you have a separator between the lenses in that outer end?

A. Yes sir.

Q. Do you have a means for securing the flanges of the plates together?

A. Yes sir.

Q. *Whereby the body portions of the plates are made to clamp the lenses on the separator?*

A. Yes sir.

Q. You have lenses having shaped inner faces to produce desired reflecting effects?

A. Yes sir.

Q. And the separator serving to prevent play between the lenses and the plates?

A. Yes sir."

We have italicized in the above quotation the wording extracted from claim 1 used in framing the ques-

tions. It is thus manifest from the plaintiff-appellant's own admission that each and every element of claim 1 is readable on Plaintiff's Exhibit A which is a part of the prior art. The only dispute that the plaintiff had was that in Plaintiff's Exhibit A the plates that formed the arrowhead at the outer end of the arm were not quite long enough to be regarded as "elongated." The issue thus quickly simmers down to a question of how long must the plates be to be "elongated." Plaintiff-appellant admitted in the above quotation that the plates were longer than they were wide. It is the defendant-appellees' contention that if the plate is longer than it is wide it is elongated. But even if not, the claim is anticipated for there certainly is no patentable novelty present in making the plates somewhat longer. In view of this testimony the Lower Court made the following findings (R. 17 et seq):

"7. More than two years prior to the filing of the plaintiff's application for United States Letters Patent, i. e. November 16, 1937, the plaintiff himself manufactured and publicly sold a signal arm exemplified by Plaintiff's Exhibit A.

"9. It was not new at the time of the plaintiff's alleged invention to manufacture signal arms having two identical elongated plates having registering marginal flanges and spaced body portions with registering openings therein, this feature being illustrated in plaintiff's Exhibit A and in the Elliott patent.

"10. It was not new at the time of the plaintiff's alleged invention to manufacture signal arms

with lenses having flanges bearing upon the inner margins of the openings and having body portions projecting through the openings in the plates, this being illustrated in plaintiff's Exhibit A.

"11. It was not new at the time of the plaintiff's alleged invention to manufacture signal arms with separators between the lenses or to secure the flanges of the plates together to cause the plates to clamp the lenses upon the separator, this being shown to be old in plaintiff's Exhibit A.

"12. It was not new at the time of the plaintiff's alleged invention to have the lenses of signal arms having shaped inner faces to produce desired reflecting effects or to have the separator preventing play between the lenses and plates, such shaped lenses being illustrated in plaintiff's Exhibit A and the utilization of the separator to prevent play being illustrated in plaintiff's Exhibit A."

The plaintiff's Specifications of Error 3, 4, 5, and 6 attack findings 9, 10, 11, and 12. It is submitted that in view of the above-quoted testimony of the plaintiff-appellant himself, that the Lower Court's findings are not only supported by "some evidence" but that the Lower Court could not have logically made any other findings. Plaintiff's Specifications of Error 3, 4, 5, and 6 are thus totally without merit and should be overruled. Furthermore, plaintiff-appellant's argument as to the validity of claim 1 (Appellant's Brief, pp. 37-39) which is at variance with plaintiff's own testimony above quoted must be regarded as frivolous.

The conclusion of the Lower Court that claim 1 of the plaintiff's patent is invalid should be promptly affirmed.

**CLAIM 3 OF PLAINTIFF'S PATENT IS LIKEWISE  
INVALID FOR LACK OF INVENTION OVER  
THE PRIOR ART.**

Claim 3 of plaintiff's patent reads as follows:

“In a direction indicator, a signal arm comprising a pair of elongated plates arranged face to face and having marginal flanges, the body sections of the plates being offset to define an elongated lens-receiving space, each of the body sections having an aligned series of openings therein registering with those of the other, lenses mounted in the openings of each body section and having flanges bearing on the inner faces thereof and a common separator for spacing opposing lenses, the separator being coextensive with the lens receiving space to facilitate positioning of the same during assembly.”

This claim differs from claim 1 only in the fact that it recites that each side plate is offset centrally “to define an elongated lens-receiving space, each of the body sections having an aligned series of openings therein registering with those of the other” and that the separator is “common” and “coextensive with the lens receiving space to facilitate positioning of the same during assembly.” In other words, this claim differs from claim 1 in duplicating the lenses and the lens-receiving

openings along the length of the arm, and arranging a common separator between the lenses. The Lower Court found:

“15. The use of a plurality of reflecting lenses in a row on the sides of a vehicle signal arm and the use of elongated lenses for this purpose at the time of the plaintiff’s alleged inventions was a mere matter of selection or option not amounting to invention, but instead mere mechanical skill.

“16. The use of a single separator between the lenses arranged in rows in opposite sides of the signal arm and the making of this separator so as to be coextensive with the lens receiving space provided by the plates of the signal arm at the time of the plaintiff’s alleged invention did not amount to invention but to mere mechanical skill.”

These findings of the Court are well supported by the evidence and the prior art. A signal arm having a plurality of reflecting lenses in a row did not originate with Magarian. Plaintiff’s Exhibit A not only had a large outer reflecting lens but it also had smaller inner reflecting lenses. All of the lenses were arranged in a row. Furthermore, the use of a plurality of reflecting lenses arranged in a row on a signal arm was old in the prior art. See the lenses 24 on Fig. 2 of the Reynolds patent, Bk. of Exhibits, p. 303. See also the lenses in the Carter patent, Bk. of Exhibits, p. 308. See also the reflecting lenses 8 in the British patent to Dennis, Bk. of Exhibits, p. 317. It is therefore manifest that the use of a plurality of reflecting lenses in a row on the sides of a vehicle signal arm was a mere



matter of selection or option and no invention would be involved in duplicating the reflecting lenses in the outer end of Plaintiff's Exhibit A. Even the defendants themselves had made and sold signal arms having a plurality of reflectors arranged in a row along the length of the arm as early as 1933 and 1934, see Defendants' Exhibit D. (R. 187.)

As to the use of elongated lenses for this purpose, this was likewise old in the art. The Costenbader patent, Bk. of Exhibits, p. 299, shows the use of elongated lenses 21 on signal arms to be old. Even the plaintiff, Magarian, himself does not claim to be the originator of elongated lenses. (R. 75.) The Lower Court's finding 15 is thus well supported by evidence.

Plaintiff's Exhibit A had the same character of lenses with a separator therebetween in the outer end of the arm. These might have been given any suitable shape. In other words, they might have been circular in form as they are, or they might have been given a square shape, a triangular shape, an oval shape, or an oblong shape. The particular shape of the lenses is a mere matter of option. Officials of the State of California recommended the use of as large a reflecting area as possible, according to Magarian's own testimony (R. 80):

“Q. You say somebody asked you to increase the size or the number of the lenses?

A. The officials in Sacramento thought it would improve the arm, by adding another lens, where your left hand is, about in that position, so

I made the four lenses, altogether, on each side.”

(R. 81):

“Q. Was August, 1934, when the State Officials told you they thought it would be better to increase the number of reflectors?

A. Yes.”

If there is any merit in increasing the number of reflectors or duplicating their presence along the length of the arm this idea did not originate with Magarian but was a requirement imposed by the officials of the State of California.

*Walker on Patents, Deller's Edition*, p. 205, states the general rule concerning duplication of parts as follows:

“It is not invention to duplicate one or more of the parts of a machine or a manufacture; unless the duplication causes a new mode of operation, or produces a new unitary result.”

Here, the duplication of the lenses and selecting oval-shaped lenses brings no new mode of operation and produces no new unitary result. There is merely a duplicated or increased reflecting area.

“In *Slawson v. Grand Street R. R. Co.*, 107 U. S. 649, 653, 27 L. Ed. 576, 577 (1882), the patented improvement consisted merely in putting an additional pane of glass in the fare-box of a street car, on the side next to the passengers, so that they could see into the box, as well as the driver, for whose use one pane of glass was already in the side of the box next to him. The Supreme

Court said that the putting in of that additional pane of glass required no more invention than the putting of an additional window in a room opposite one already there.”

*Deller’s Edition of Walker on Patents*, p. 206.

Likewise here, the placing of additional lenses along the length of the arm required no more invention than the placing of the additional pane of glass in the fare-box of a street car or the putting of an additional window in a room opposite one already there.

Claim 3 recites:

“a common separator for spacing opposing lenses, the separator being coextensive with the lens-receiving space to facilitate positioning of the same during assembly.”

Exhibit A has its separator common to the opposing lenses and meets this feature of the claim. There is nothing in the specification describing that the separator is coextensive with the lens-receiving space to facilitate positioning of the same during assembly. In Fig. 5 of Magarian’s patent the separator 27 is shown as being coextensive with the side plates and projecting beyond the lens-receiving space. Fig. 4 of Magarian’s drawing would indicate that the separator 24 is coextensive with the *length* of the lens-receiving space. But there is nothing in the drawing nor in the specification to the effect that the separator in Fig. 4 is coextensive with the *width* of the lens-receiving space. This limitation that is present in claim 3 and which is emphasized in plaintiff-appellant’s brief, pp.

32-35, has no foundation whatsoever in the original disclosure. In the words of this Court, in *Bailey v. Sears Roebuck & Co.*, 115 F. (2d) 904:

“This means that the more rapidly moving pointer is closer to the dial in appellant’s device than in the other one, *but this point was not advanced as a teaching of the patent. It is evidently an afterthought, as the Master held.*”

Likewise here, the fact that the separator was co-extensive with the lens-receiving space is not advanced as a teaching of the patent but is a mere afterthought.

The Miller patent, Bk. of Exhibits, p. 312, has a highway marker comprising a frame corresponding to Magarian’s opposed plates. In this frame there are aligned openings that receive lenses or reflectors 16 and 17. Between these lenses there is a separator 18 coextensive with the lens-receiving space. In duplicating lenses of Plaintiff’s Exhibit A along the length of the arm the natural thing to do would be to also duplicate the separators, and if the lenses were closely arranged, to make the separators integral with each other. This would be nothing more than what would be expected from a normal mechanic exercising mechanical skill.

That the mere unifying of separate separators into a single separator does not involve invention, see *Walker on Patents, Deller’s Edition*, p. 196, Sec. 34:

“Unification or Multiplication of Parts.

“Ordinarily, uniting several parts of an existing device into an integral construction, or in mak-

ing in several parts what was formerly in one, involves no more than the exercise of mere mechanical skill. (Citing cases.)

“It is not invention, also, merely to make in one piece what was formerly made in two.”

There would be no invention in placing the separator 18 of the Miller patent, Bk. of Exhibits p. 312, between the reflectors 8 of the arm shown in Fig. 4 of the Dennis patent, Bk. of Exhibits, p. 317. The natural way to do it would be to make one single separator to occupy the entire lens-receiving space, particularly in view of the fact that Miller contemplated that his reflectors 16 and 17 might become “cracked or otherwise broken into relatively large pieces.” (Page 1, lines 87 and 88.) If Miller’s reflectors were broken into large pieces each one would correspond to a separate reflector. Not only is the use of a separator shown to be old between a single pair of opposed lenses, as in Plaintiff’s Exhibit A and the Kimbrough patent, Bk. of Exhibits, p. 288, wherein the lenses are indicated at 10 and 11 and the separator indicated at 5, but the use of a plurality of reflecting devices on opposite sides of a single separator is exemplified in Defendants’ Exhibit I wherein the separator constitutes the body of the arm itself having a plurality of reflectors on each side.

There is no particular advantage in using a single separator common to all lenses in the arm. Magarian himself testifies that the only difference is that by using a separator made up of several parts some slight addi-



tional amount of labor is necessary in assembly. (R. 102.) Whether the separator is coextensive with the lens-receiving space or not, is of no particular advantage and instead is a mere matter of selection. Compare Fig. 4 of the Magarian patent with Fig. 5. In the former figure separator 23 terminates in length with the length of the lens-receiving space. In Fig. 5, separator 27 is as long as the plates. Whether the separator is made in one way or the other is a mere matter of option.

Findings 15 and 16 of the Lower Court are thus well supported by evidence. Specifications of Error 9 and 10 which attack them are without merit.

#### **CLAIM 4 OF THE PLAINTIFF'S PATENT IS INVALID FOR LACK OF INVENTION**

Claim 4 reads substantially the same as claim 3 with the additional recitation that "the faces of the body sections being parallel so as to exert uniform pressure on the interposed lenses and the separator." This added limitation does not render the subject matter of claim 4 patentable. Any mechanic would naturally endeavor to have the side plates of the arm hold the lenses snugly against the separator. Plaintiff's Exhibit A, which is a part of the prior art, has the body portions of the plates at the outer end of the arm parallel so that these portions will press the interposed lenses snugly against the separator. (R. 96-97.) Magarian admits that in Plaintiff's Exhibit A that the sepa-



rator serves "to prevent play between the lenses and the plates." (R. 73.)

It should be noted in passing that there is no disclosure in the specification of the Magarian patent that the body sections exert "uniform pressure" on the interposed lenses. This is candidly admitted by Magarian himself. (R. 95.) Whether or not the lenses would be pressed against the separator with uniform pressure would depend on whether the separator were of uniform thickness and whether the lenses were of uniform thickness. There is no disclosure of making the lenses and separator of uniform thickness in the Magarian patent and there consequently is no foundation in the Magarian specification for the last limitation in claim 4. This limitation seems to have been introduced into the application during its prosecution without being supported by a supplemental oath. In the words of *Bailey v. Sears, Roebuck*, supra, "It is evidently an afterthought, as the Master held." That a supplemental oath is necessary under these circumstances, see *Westinghouse E. & Mfg. Co. v. Metropolitan E. & Mfg. Co.*, 200 F. 661 (C. C. A. 2); also *Schick Dry Shaver v. R. H. Macy Co.*, 111 F. (2d) 1018 (C. C. A. 2).

## CONCLUSION RE PLAINTIFF-APPELLANT'S MECHANICAL PATENT

Findings 5 to 12, inclusive, 15 and 16 (R. 17-20) are well supported by the evidence. The plaintiff-

appellant's Specifications of Error 3, 4, 5, 6, 9, and 10 are thus clearly without merit.

The plaintiff-appellant has stressed the fact that he pioneered the use of Stimsonite reflectors on signalling arms. Thus, at appellant's brief, page 7, he says:

"But it appears that no one prior to appellant's doing had ever applied the Stimsonite reflector to a signalling arm."

Page 8:

"Appellant must therefore be considered the one who pioneered the idea of making the Stimsonite reflector available for use in his signalling arm."

Page 6:

"Plaintiff's Exhibit A clearly proves along with other exhibits (Plaintiff's Exhibits K and O, Tr., pp. 270 and 271) that the plaintiff was the one who pioneered the idea of the Stimsonite lense on a signalling arm . . ."

Again at page 41, appellant asserts:

"Costenbader uses an ordinary reflector whereas appellant was the one to pioneer the idea of the Stimsonite reflector in connection with signal arms."

From these repeated assertions, and specification of error 19, apparently the appellant contends that he should be awarded the status of an inventor-patentee because of the fact that he was the first to recognize that the Stimsonite reflector was suitable for use on a

signal arm. However, the Stimson patent itself, Bk. of Exhibits, p. 294, column 1, lines 1 to 5 reads:

“This invention relates to reflecting devices and more particularly to reflecting devices of the character *designed for signalling* and aids to traffic.”

Certainly under these circumstances plaintiff-appellant cannot claim to be the pioneer in using the Stimsonite reflector on a signal arm. Instead, he merely exploited the proposal made by Stimson in his own patent as to how his reflectors were to be used. Furthermore, the selection of the Stimsonite reflector in preference to other reflectors seems to have been suggested by the officials of the State of California rather than to have originated with Magarian. Wallace testified that it was at the suggestion of Mr. Sharkey of the State Motor Vehicle Department that he wrote to the Guide Lamp Company to obtain Stimson reflectors. (R. 221.) He describes his conversation with Inspector Sharkey at R. 219. Magarian himself received recommendations from the State Officials according to his own testimony. (R. 83.)

No one is entitled to a patent merely because he is the first to commercially exploit proposals made in a prior patent or the suggestions made by State Officials. It is therefore submitted that the plaintiff's contention that his patents should be upheld by reason of his having pioneered the use of Stimsonite reflectors on signal arms cannot be sustained.

The plaintiff-appellant also emphasizes the use of elongated lenses or oval-shaped lenses, and attacks in Specification of Error 8 the Court's finding 14. Magarian testified (R. 106) that "the State law requires at least an illuminated portion of about twelve inches" on a signal arm. To secure such an illuminated length could be accomplished by either a long series of individual round reflectors or a smaller number of elongated reflectors. Magarian testified (R. 106) that use of his three reflectors was all that was necessary to secure this illuminated length. The defendants secured the same illuminated length with only two reflectors, these being elongated. Magarian testified (R. 75):

"Q. You don't claim to be the originator of elongated lenses, do you?"

A. No sir."

Manifestly, he could not, for the use of elongated reflectors or lenses on a signal arm is old in the prior art. Costenbader, Bk. of Exhibits, p. 299, clearly shows the use of elongated lenses 21 on opposite sides of a signalling arm. The Reynolds patent, Bk. of Exhibits, p. 303 at page 305, column 1, line 30 et seq, said:

"If two glasses are used they would be in alignment as shown whereas if but one is employed it would preferably be of *an elongated shape* and disposed longitudinally of the arm."

The Dennis patent at Bk. of Exhibits, p. 325, says:

“Any type of reflector may however be used and may be adapted to give a variable reflection . . . .”

Manifestly, there would be no invention in selecting an elongated reflector as disclosed in the Costenbader and Reynolds patents in place of the circular reflectors in the Dennis patent, nor would there be any invention in having such elongated reflectors equipped with the prismatic back of the Stinson patent in order to get the desired reflecting effects. Particularly would this be true when State Officials were requiring an increase in the number of reflectors as testified by Magarian. (R. 81.)

“Q. Was August, 1934, when the State Officials told you they thought it would be better to increase the number of reflectors?

A. Yes.”

Finding 14 of the Court is thus well supported by the evidence and plaintiff-appellant's Specification of Error 8 is thus without merit.

Appellant's Specification of Error 7 attacks the Court's finding 13. In the Court's finding 13 it is found that it was not new at the time of the plaintiff's alleged invention to have a signal arm composed of identical elongated plates having raised center portions and marginal flanges with reflectors mounted in a row along the length of the raised center portions, these being shown to be old in Defendants' Exhibit D.

The most casual inspection of Defendants' Exhibit D which was found by the Court to have been manufactured and sold by the defendants from 1931 to 1935, in finding 6, demonstrates that finding 13 is strictly in accordance with the evidence. Plaintiff-appellant's Specification of Error 7 is thus without merit.

The plaintiff-appellant asserts that his claims are drawn to a novel combination arguing at page 28 of his brief:

“This claim, no doubt, recites a genuine combination, in which each part performs its function in cooperation with the other parts, and therefore, is not subject to piecemeal anticipation. There is no element or part in this claim which stands off by itself and would add merely an aggregative, unrelated feature. *By all the rules of our Patent Law, it would seem to be necessary to show that a single prior art structure discloses a combination of substantially the same elements or the equivalents thereof.*”

The plaintiff's assertion that it is “necessary to show that a single prior art structure discloses a combination of substantially the same elements or the equivalents thereof” is fully answered by this Court in *Mettler v. Peabody Engineering Corporation*, 77 F. (2d) 56, wherein this Court quoted from *Eagle et al v. P & C Hand Forged Tool Company* as follows:

“It is not necessary that all of the elements of the claim be found in one prior patent. If they are all found in different prior patents and no new functional relationship arises from the combina-



tion the claim cannot be sustained. *Keene v. New Idea Spreader Co.*, 231 F. 701; see also *Keszthelyi v. Doheny Stone Drill Co.*, 59 F. (2d) 3.

“All of the elements of the patent in suit were present in the prior art and combining these elements to make the patented device did not involve invention. Widespread use of the device combining these elements old in the art is evidence of its utility but is not conclusive of its patentable novelty.”

Here, all of the elements are old in the prior art. In the pretrial conference referred to by the plaintiff-appellant at page 12 of appellant's brief, the Court specifically asked appellant's counsel whether or not all of the elements in the plaintiff's patent were old in the art. At that time plaintiff-appellant's counsel candidly admitted that all of the elements were old in the art. This admission was quite proper. A signal arm composed of opposed identical plates having marginal flanges and raised center portions was old in the Elliott patent, Plaintiff's Exhibit A, and Defendants' Exhibit D as well as the Dennis patent, Fig. 4. The use of elongated reflectors was old in the Costenbader patent and in the Reynolds patent. The use of reflectors having prismatic backs was old in the Stimson patent. The use of a separator between the lenses on opposite sides of the signal arm was old in Plaintiff's Exhibit A and in the Kimbrough patent.

All that the plaintiff has done is to bring these old features together into a new signal arm wherein each part functions in the same manner as it did heretofore.

Thus, the Stimsonite reflectors function the same way in which all Stimsonite reflectors function. The separator functions in the same way that it does in Plaintiff's Exhibit A. The plates function in the same manner as they did in Plaintiff's Exhibit A, the Elliott patent, and Defendants' Exhibit D.

The plaintiff's contention that his device has supplied a long-felt want and was a commercial success and that it was a patentable combination of old parts is fully answered by this Court in *Bailey v. Sears, Roebuck & Co.*, supra, as follows:

"Appellant argues that his device supplied a 'long felt want'; that it was a 'commercial success'; that it was a patentable 'combination' of old parts; that it was a 'new structure' producing 'new functions and results'; that it was not a movement measuring device but an indicating device. It is claimed that all these indicia of an invention were present in the appellant's patent.

"These points, it is true, are all some evidence of invention, but commercial success and utility are not conclusive in favor of invention and can be overcome by clear proof of lack of invention. (Citing cases.) There is no new function performed by the combination. The function performed was merely to indicate the location of the rotor blades, as in prior devices. Hence it was not patentable as a combination of old elements. (Citing cases.) What we have here is an aggregation of parts assembled by mere mechanical skill."

This disposes of specifications of error 11 and 13-19 inclusive. The Lower Court should be affirmed not

only in its Findings of Fact, but in its Conclusions of Law drawn therefrom to the effect that the plaintiff's patent is invalid for lack of invention over the prior art.

## THE DESIGN PATENT IS INVALID AND NOT INFRINGED

The general shape of Magarian's arm is an old one. The outline of the arm is old in the Reynolds patent, Bk. of Exhibits, p. 303, and the Pohlman patent No. 1,744,794 transmitted as a physical exhibit. Both of these patents show signalling arms with pointed outer ends similar to that of Magarian.

The use of elongated lenses on a signalling arm arranged in alignment thereon is suggested not only by the Reynolds patent and the Costenbader patent, but see also the British patent to Corber No. 152,071, also transmitted as a physical exhibit. This patent discloses a signalling arm having two elongated lens openings arranged in alignment as shown in Fig. 7. The specification reads, page 3, column 1, lines 19 et seq:

“The casing D has two windows ee in its rear side wall which may be filled in with red glass or other red material whereby the light from the lamp D may cause a red light to be shown to the rear.”

The defendants' use of two elongated lenses on the sides of the arm was not copied by the defendants from the appellant's three-lens arm but instead seems to

approach the Corber arrangement closer than Magarian's design patent.

At pages 41 and 42 of the appellant's brief, the appellant seeks to distinguish his design from Costenbader by the fact that he uses Stimsonite reflectors and that in Costenbader and Defendants' Exhibit D the reflectors are mounted on the outside of the plate instead of on the inside. These differences in the shape are dictated by and controlled by utilitarian considerations. In *Applied Arts Corporation v. Grand Rapids Metalcraft Corp.*, 67 F. (2d) 428 (C. C. A. 6), the Circuit Court of Appeals said, page 429:

"It has been held, however, that a design patent stands on as high a plane as utility patents, *Knapp v. Will & Baumer Co.*, 273 F. 380 (C. C. A. 2); *Cahoone Barnet Mfg. Co. v. Rubber et al.*, 45 F. 582 (C. C. N. J.), and that on the issue of infringement a design patent is not infringed by anything which does not present the appearance which distinguishes the design claimed in the patent from the prior art . . . ."

Page 430:

"it appears to us that while there is some similarity between the patented and the alleged infringing designs, which without consideration of the prior art might seem important, yet such similarity as is due to common external configuration is no greater, if as great, between the patented and challenged designs as between the former and the designs of the prior art."

Page 430:

*“To hold that general configuration made necessary by function must give to a patented design such breadth as to include everything of similar configuration, would be to subvert the purpose of the law . . . .”*

In the case of *Man-Sew Pinking Attachment Corporation v. Chandler Machine Company*, 33 Fed. Supp. 950, non-infringement was found because

*“Such similarity as exists is due to the functional requirement of this type of pinking machine.”*

*Weisgerber v. Clowney*, 131 F. 477, 480:

*“the attempt to patent a mechanical function, under cover of a design, is a perversion of the privilege given by the statute. Rowe v. Blodgett & Clapp Co., 112 Fed. 61, 50 C. C. A. 120; Marvel Co. v. Pearl (C. C.) 114 Fed. 946; Eaton v. Lewis (C. C.), 115 Fed. 635.”*

In *Ex Parte Kern*, Decisions of the Commissioner of Patents for 1903, at page 292, the Commissioner said:

*“In the consideration of this case it becomes necessary, first, to withdraw those elements which are included for the performance of a mechanical function. . . . So far as this design possesses any peculiarity of appearance, due to configuration created and employed for the performance of a mechanical result—that is to say, by which*

it fits the place where it is to be used—such appearance must be eliminated from consideration of this subject-matter as an ornamental design.”

Another decision of the Commissioner of Patents which has an extremely close parallel to the facts of this case is *Ex Parte McGowen*, 336 O. G. 3, decided by the Commissioner of Patents on December 16, 1924. In that case the applicant had filed an application for a mechanical patent and on the same day had filed an application for a design patent on an automobile bumper. Here, Magarian filed on the same day an application for a mechanical patent and an application for a design patent, both being on another automobile accessory, to wit., a signalling arm. The Commissioner said:

“The present application was filed on February 9, 1924, and on the same day applicant filed an application for a mechanical patent, Serial No. 691,665, in which Figure 1 of the drawing seems to be identical with the figure of the present application. In Serial No. 691,665, applicant carefully explains each detail of his device and shows that each is adopted for a functional purpose. Referring to the rib extending throughout the length of the device, he says:

‘The bead 1a serves as a protection for the body portion of the bar 1 in that it constitutes an impact receiving device wherein distortion will take place, when obstructions such as posts or walls are encountered.’



“Under somewhat similar circumstances the court refused to sustain a design patent for a tumbler having a protecting rib in *Ferd Messmer Mfg. Co. v. Albert Pick & Co.*, 251 Fed. 894. The particular shape chosen for this reinforcing portion does not lend patentability in view of *Backstay Machine & Leather Co. v. Hamilton*, 278 O. G. 710, 1920 C. D. 397; 262 Fed. 411.

“Applicant in Serial No. 691,665 points out that the flanges being widened towards the center provide—

. . . ‘stronger sections towards the middle portion of the bar where the greatest strength is required, thus also effecting a saving in material without substantially reducing the effective strength of the bar.’

“He also points out that the form and arrangement of the springs are such as to more effectively absorb shocks. (*Ex parte Marsh*, 1924 C. D. ....; 322 O. G. 501.)

“In application Serial No. 891,665 applicant has claimed structurally substantially each of the five elements relied on here as differentiating from the prior art. The claims have been rejected there and a design patent must be refused. ‘It is not true that the design (patent) can ever be used to appropriate (per se) the mechanical function.’ (*Baker v. Hughes-Evans Co.*, 270 Fed. 97. See also *Majestic Electric Co. v. Westinghouse Electric Co.*, 276 Fed. 676.) The slight differentiations made by applicant from the prior art can not support a design patent.’” (Parantheses quoted.)

In *Strauss Gas Iron Co. v. William M. Crane Co.*, 235 F. 126 (C. C. A. 2), Judge Learned Hand said:

“The modifications of these forms into the design patent does not seem to us to have been dictated by other than utilitarian considerations.”

Here, as in the McGowen case, *supra*, Magarian filed two applications on the same day. In his mechanical patent he sets forth the mechanical reasons for selecting the Stimsonite reflector, the use of the identical body plates with the marginal flanges, and the use of the separator. The resulting article accordingly has the shape illustrated in Fig. 2 of the mechanical patent, Bk. of Exhibits 264, which is virtually reproduced in its entirety as Fig. 1 in the design patent. There is nothing in the design patent pertaining to the use of Stimsonite lenses over the Costenbader lenses. In fact, the details of construction of the signal arm are not even described in the design patent. Magarian, by emphasizing the superiority of Stimsonite reflectors over Costenbader's (appellant's brief, p. 41), is attempting to cover under the guise of a design patent the shape that results when he adopts the selected mechanical features from the prior art. The answer to this effort is to be found in *North British Rubber Co. Limited v. Ronne Rubber Tire Co.*, 271 Fed. 936, 939:

“This patent is a plain effort to secure, under the guise of a design, a monopoly of the mechanical excellences thought to inhere in the peculiar arrangement of ridges and hollows. . . .”

Magarian's design patent is likewise a plain effort to secure under the guise of a design a monopoly of

the mechanical excellences thought to inhere in using Stimsonite lenses on a signal arm in place of Costenbader's lenses or lenses as in the Elliott patent. The Lower Court properly held the patent to be invalid.

A valid design patent cannot be secured for merely assembling old visual elements such as Magarian has done here.

*General Electric Co. v. Parr Electric Co.*, 98 Fed. 2d, 60 (C. C. A. 2.)

But even if the design patent should be regarded as valid it is not infringed. The defendants' arms use only two lenses on each side. These are highly elongated, being considerably longer than any one of the Magarian lenses. Each of these elongated lenses has a pointed outer end. The patented arm on the other hand, discloses three lenses on each side, all of which are shorter and none of which are pointed. No ordinary human being would ever confuse one with the other. The test of infringement of a design patent as laid down by the Supreme Court and adopted by this Court in *National Nut Company of California v. Sontag Chain Stores Co., Ltd.*, 107 F. (2d) 318, is as follows:

### **"The Design Patent.**

"We will first consider the suit on the design patent. Defendant in its answer denied infringement and alleged its invalidity because the design was not ornamental and was only incidental to mechanical construction of the machine disclosed

in the reissue patent. The trial court had before it models of the plaintiff's device and the alleged infringing device, and found no infringement. It was therefore unnecessary for the court to pass on the defense of invalidity. At the argument on appeal this court also had before it the models of the two machines, and from an examination thereof we agree with the trial court that defendant's machine does not infringe plaintiff's design patent.

"In the case of *Grelle v. City of Eugene*, 221 F. 68, 71 (C. C. A. 9, 1915), we quoted from the leading case on the subject of design patents, *Gorham v. White*, 14 Wall. 511; 20 L. Ed. 721, as follows:

'If, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same—if the resemblance is such as to deceive such an observer, and sufficient to induce him to purchase one, supposing it to be the other—the one first patented is infringed by the other.'

"This test has been uniformly followed in cases involving design patents. See cases cited in *Grelle v. City of Eugene*, supra. See also, *Eloesser-Heynemann Co. v. Kuh Bros.*, 297 F. 831, 833 (C. C. A. 9, 1924) and cases cited therein.

"Applying the quoted test to the design patent involved herein and the alleged infringing machine, we hold with the trial court that the design patent is not infringed, even if valid."

Magarian testified (R. 106) :

“Now, Mr. Magarian, have you ever received any orders for purchasers for signal arms having two lenses on each side, oblong lenses ?

A. Received any orders ?

Q. Yes.

A. No I never remember receiving any orders of that type.

Q. You have never mistaken your signal arm for the Detroit arm, have you ?

A. From a distance, yes, where it is used on the trucks because from a distance of about one hundred and fifty to two hundred feet, the lenses blend in together, and you see a continuous reflective area because these narrow portions here are rather small and they get lost and blend in. From a distance, yes, you can confuse them ; right close I can tell myself.

Q. Have you ever encountered any purchaser that confused the two signals in making his purchase ?

A. What form would I encounter ?

Q. I don't know. I just asked you, have you encountered anyone ?

A. No, not myself.”

Magarian himself is thus able to readily distinguish between the plaintiff's and defendants' signals. It is only when the signals are on trucks one hundred and fifty to two hundred feet away when he experiences difficulties. This is not the manner in which the ordinary observer or the prospective purchaser referred



to in *Gorham v. White* would view the signal. Magarian never received any orders from any purchaser who was deceived into believing that Magarian was manufacturing defendants' signals and he never encountered any purchaser who was confused by the signals in making his purchase. Moreover, the plaintiff-appellant did not call a single witness to show that any "ordinary observer" (purchaser) had been confused and from this fact it should be presumed by the Court that no one has been confused. The situation here is somewhat similar to that of *American Fabrics Co. v. Richmond Lace Works*, 24 F. (2d) 365 (C. C. A. 2) where the Court pointed out that there was no "disinterested testimony that ordinary buyers had made mistakes or are likely to."

If we regard the Western Auto Supply Company as being a typical purchaser according to Magarian's own witness, Lynn, that concern closely scrutinizes articles of this character that are submitted to the extent that they notice the superior finish or paint job on the Detroit arm over the Magarian arm. (R. 123-124.) Manifestly, if the average purchaser pays sufficient attention to the article to notice the difference in the finish paint job it certainly would notice the difference in the number of the lenses. He would also notice that the defendants' lenses were pointed whereas the plaintiff's were not and the fact that defendants' lenses were longer than the plaintiff's lenses.

It is to be observed that the burden of establishing infringement lies with the plaintiff. There is a notice-



able failure on his part to produce any evidence supporting the charge of infringement of the design patent.

As to the opinion of the industry, we have but to refer to the letter of the Guide Lamp Corporation quoted at Rec. 220. As set forth in this letter, Guide Lamp Corp., who supplies Stimsonite lenses to the trade generally, did not wish to make lenses for the defendants similar in size and shape to Magarians, because of the patent numbers appearing on Magarian's arm. That concern did, however, regard the shape that was ultimately adopted by the defendants as being sufficiently different from Magarian's lenses to justify the Guide Lamp Division manufacturing and selling the defendants' pointed lenses without danger of infringement or of contributory infringement.

We therefore say that even if the plaintiff's design patent is valid, which is being as charitable as we can be, the defendants' arms do not infringe and that the plaintiff has not carried the burden of proof of establishing infringement.

At the bottom of page 50 of appellant's brief, appellant apparently realizes that it has not carried the burden of proof of infringement and asserts "such confusion would be exceedingly difficult to prove." Near the bottom of page 51 of appellant's brief, he proceeds to argue how confusion might arise. However, there is an utter lack of evidence to establish that there has been any confusion. In discussing the design patent the plaintiff-appellant asserts at page 43 of his brief that he will confine himself principally to the case of *Forestek*

*v. Knapp-Monarch Co.*, 106 F. (2d) 554. He quotes copiously from the decision. In view of the vigorous dissenting opinion in that case pointing out the inconsistency between the holding of the majority and the holding of the same Court in earlier cases, it is manifest that the Forestek decision must be restricted to its particular facts. It has, therefore, little if any bearing on the facts presented in this controversy.

## OTHER DEFENSES

The foregoing argument should dispose of this case on its merits. However, for the sake of completeness the attorneys for defendants feel obliged to present before this Court all of the available defenses, particularly as some of them have been discussed by the plaintiff-appellant at pages 53 et seq of the Appellant's Opening Brief. These defenses are

(1) The plaintiff is guilty of unclean hands as alleged in the Answer, paragraph G (R. 9, 10, and 11) in that

(a) he suppressed all evidence as to the existence of Plaintiff's Exhibit A before the Patent Office;

(b) that when he placed his own article on the market he undertook to represent to the public that his signal arms were patented by seven patents, the numbers of which were listed, whereas these numbers were not of patents belonging to plaintiff or under which plaintiff was a licensee but instead were patent

numbers covering the manufacture of Stimsonite lenses.

(2) There is a file wrapper estoppel which prevents Magarian from asserting that his patent covers defendants' construction.

(3) The Lower Court had no jurisdiction.

## THE PLAINTIFF IS GUILTY OF UNCLEAN HANDS

Magarian is guilty of unclean hands in that he suppressed information as to his having marketed Plaintiff's Exhibit A for more than two years before he filed his application. The oath forming a part of his application asserts that his alleged invention had not been in public use or on sale in this country more than two years prior to the filing of his application. No information concerning Plaintiff's Exhibit A was ever divulged by Magarian or his attorney to the Examiner in the Patent Office. The Examiner was manifestly ignorant of its existence. If anyone was to supply this information it should have been Magarian himself because he was the one who made and sold Plaintiff's Exhibit A more than two years prior to the filing of his application. Yet he kept entirely silent in this respect. Had he divulged to the Examiner that Plaintiff's Exhibit A was prior art, he could not possibly have secured the allowance of claim 1 of his patent which he now admits (R. 71-73) reads directly on Plaintiff's Exhibit A. Furthermore, when it came to answering defendants' interrogatories filed in the Lower Court he denied having made a construction embody-

ing features of Plaintiff's Exhibit A prior to November 10, 1935. It was only when he was forced to take the witness stand and was confronted with either admitting that he had made or sold Plaintiff's Exhibit A more than two years prior to the filing of his application and that it embodied features of his claims, or in the alternative denying this, as he had done in his interrogatory answers, and thus run the risk of being proven a prevaricator that he then elected to admit the truth. He consequently testified as he did at R. 71-73, above quoted. By his suppression of information as to Plaintiff's Exhibit A before the Examiner in the Patent Office he was able to prevail upon the Examiner to grant his claims which the Examiner certainly would have refused had he been in possession of information to the effect that Plaintiff's Exhibit A was prior art. Magarian has since used his invalid claims to harass and intimidate competition including these defendants, even going so far as to bring the present suit.

In *Keystone Driller Co. v. General Excavator Co.*, 290 U. S. 240, the plaintiff brought suit on five related patents. It was established that the plaintiff had been guilty of suppressing evidence concerning a prior public use which touched upon or affected the validity of at least some but not all of these patents. This conduct on the part of the plaintiff justified the Supreme Court in affirming a dismissal of the Bill of Complaint on all five patents because of the plaintiff's unclean hands. While the moral turpitude involved in that case may have been somewhat more aggravated than

here, this difference is merely a difference in degree and the principle in denying relief to a plaintiff guilty of unclean hands nevertheless applies.

The Bill of Complaint should therefore be dismissed on the ground that the plaintiff is guilty of unclean hands.

The appellant's attorney asserted at page 54 of his brief that this charge is too absurd to deserve serious consideration and that the allowed claims do not read on Plaintiff's Exhibit A. The assertion that the allowed claims do not read on Plaintiff's Exhibit A is quite contrary to Magarian's own testimony at Rec. 71 to 73. The charge deserves serious consideration for the reason that he who seeks equity must do equity, and this the plaintiff has not done by the deliberate suppression of information concerning Plaintiff's Exhibit A not only before the Patent Office but before the Lower Court in plaintiff's answers to defendants' interrogatories. These interrogatories and answers the appellant has not included in the record. As the answers to Magarian were so opposed to the truth, defendants were in no position to offer them in evidence. Consequently they have been in no position to demand their being included in the present record. We do reproduce in the appendix, however, defendants' interrogatory 7 and Magarian's answers thereto merely for comparison with his testimony (R. 71-73) as a matter of curious interest—rather than as having any weight in the decision of this appeal.



## PLAINTIFF IS ALSO GUILTY OF UNCLEAN HANDS IN REGARD TO FALSE MARKING

Magarian did not stop with merely suppressing evidence in order to secure a patent with which he might harass the trade. On the signal arms he made and sold he applied a name plate bearing six or seven patent numbers. (R. 46.) These numbers were applied for the purpose of leading the trade and public to believe that Magarian's signal arm was covered by six or seven United States patents. None of these patents belonged to Magarian. He did not hold a license under them. All of the patents relate to Stimsonite lenses. (R. 46.) Magarian's excuse for applying the patent numbers to his plate was that the lenses he bought had the patent numbers molded on the back and when they were incorporated in his signal the patent numbers would thus be concealed. (R. 46-47.) But it was of no concern of Magarian's whether Stimson or the Guide Lamp Division was gaining the advantages of proper marking under the patent statutes. Guide Lamp Division knew that when they made the lenses they would be mounted in some kind of a holder and when so mounted only the convex portion disposed inwardly of the rim would be exposed. Guide Lamp Division nevertheless applied their patent numbers on the backs of the rims of the lenses which they knew would be concealed when the lenses were fitted in a frame or holder. This marking was sufficient for their purposes and it was of no concern of Magarian's whether the patent numbers on the lenses were con-



cealed or not. They were expected by Guide Lamp Division to be ultimately concealed.

The excuse of Magarian for prominently displaying these patent numbers on his signal arm is too flimsy. They were applied by Magarian for the purpose of creating the impression that his signal arm was patented and covered by these six patents. The plate on which the patent numbers are displayed was remotely located from the lenses and although Magarian says that it was "the only practical place I could put it in order to see the numbers," he did not have his plate read "Lenses covered by patents numbered ....., ..... and ....." It was not until after Magarian was confronted with the allegations in Defendants' Answer that he even sought permission to apply the Stimson patent numbers to his signal arm. He produces a letter dated February 28, 1940 (long after this suit was filed), expressing no objection by Guide Lamp Division to the use of their patent numbers (R. 49), but when Magarian was asked to produce his own letter that sought the permission to use the patent numbers on his signal arm (R. 109) he promised to try to produce the letter but never did so.

Magarian's application of the Stimson patent numbers to his arm was designed to create the impression that Magarian's arm and not merely the lenses was covered by six United States patents. That he did create this impression is established by the letter quoted at page 220 of the Record. Magarian says in his brief, page 11, that the words "another customer" in this let-

ter referred to Magarian. We also believe that these words refer to Magarian. The letter reads:

“An inspection of the part in question reveals the fact there are many patent numbers listed on this article, and while we cannot state definitely if there are any patents on this particular design of lens, we are wondering if you would be interested in a lens of a different design in order that there will be no confliction between the lens you contemplate using and the one we are furnishing our customer.”

Guide Lamp Division did not even recognize that the numbers on Magarian's arm were the numbers of the patents covering its own lenses. It naturally assumed that the patent numbers on Magarian's arm referred to Magarian's patents on the arm. Manifestly, if the Guide Lamp Division was unable to recognize its own patent numbers on Magarian's signal arms, the trade and public would assume that the patent numbers referred to patents on the signal arm and not to patents on the lenses. This was exactly what Magarian expected the public to conclude. He sought to mislead the public into believing that his signal arm was covered by six or seven patents, when in fact it was not. Even Guide Lamp Division, who operated under these very same patents, was deceived. This unfair means used by Magarian to intimidate competition with relation to his signal arms is another reason for dismissing the Bill of Complaint because of unclean hands.

## THE DEFENSE OF FILE WRAPPER ESTOPPEL

Claim 12 of Magarian's application ultimately resulted in claim 1 of his patent. This claim originally read as follows:

"In a direction indicator, a signalling arm, comprising two identical elongated plates having registering marginal flanges and spaced body portions with registering openings therein, lenses having flanges bearing upon the inner margins of the openings and having body portions projecting through the latter, a separator between the lenses and means for securing the flanges of the plates together whereby the body portions are made to clamp the lenses upon the separator."

By amendment this claim was amended to read as follows:

"In a lense mounting for a signal arm, two identical elongated plates having registering marginal flanges and spaced body portions with registering openings therein, lenses having flanges bearing upon the inner margins of the openings and having body portions projecting through the latter, a separator between the lenses and means for securing the flanges of the plates together whereby the body portions of the plates are made to clamp the lenses upon the separator."

The Examiner in acting upon the Magarian application said in paper No. 5, dated September 16, 1938:

"Claim 12 is rejected as unpatentable over Elliott of record. Elliott discloses two identical

elongated plates 21 having spaced body portions receiving a lens 22. The portions of the plates surrounding the body portions constitute registering marginal flanges as broadly stated in the claim. These flanges are secured together as shown in Fig. 2. The claim calls for nothing more than substituting a two-part lens for the unitary lens of Elliott and placing a suitable gasket or other separating means between the lens parts. Such modification of Elliott's device would produce no new and unexpected result.

"Claim 12 is further rejected as unpatentable over Elliott in view of Stimson, of record. No invention would be involved in substituting the reflecting lens of Stimson for the light transmitting lens of Elliott to obtain the expected result. It is considered an obvious expedient to arrange two reflectors in back-to-back relation in order to render the signal arm visible from either side thereof. It is merely a matter of choice whether a separating means is used."

Magarian acquiesced in this rejection and amended the claim to recite

"the lenses having shaped inner faces to produce desired reflecting effects and the separator serving to prevent play between the lenses and the plates."

Why the Examiner ever receded from his rejection despite the amendment is not clear. The Stimson reflector had the shaped inner faces that produced the desired reflecting effects and the separator of Kimbrough served to prevent play between the lenses and the plates, the plates being shown at 12 and 13 of the

Kimbrough patent. The situation here is not greatly different from that in *Tilden v. Standard Sanitary Mfg. Co.*, 28 F. Supp. 775:

“Needless to say, it is difficult to explain a mental attitude of the examiner. If this court knew precisely what problem he had in mind it would perhaps be persuaded by his disposition of the matter. It is apparent, however, from the above quotation that the examiner was not thinking about the same thing with which we are presently concerned. We do not know why he allowed claims 1 and 2, but rejected claims 3 and 4 on the basis of the Barr and Twyford patents.

“The original of claims 3 and 4 read as follows:

“The combination with a water closet bowl formed with a rearwardly extending shelf having upwardly facing slots, and a flush tank having its (a) bottom formed with semi-spherical chambers (projecting upwardly from the upper face of the bottom) and with slots that communicate with said chambers, of screw bolts to clamp the tank to the bowl, said bolts having T-heads adapted to be inserted upwardly into the said chambers, the bodies of said bolts thence extending downwardly through said shelf, means to prevent the bolts from rotating in said chambers, and means carried by the bolts and engaging the bottom face of the shelf to clamp the tank to said shelf.

“The combination with a flush tank having chambered portions cast on (and projecting upwardly from the upper face of) its bottom and having spots communicating with said



chambers, and a water closet bowl having a shelf at its rear end formed with slots that register with the opening of the tank, of clamping devices adapted to extend downwardly through the bottom openings of the tank and said shelf, said devices having enlarged portions that are disposed in and shielded from the flushing water by said chambered portion (and which seat upon the upper face of the tank bottom), means to secure said clamping devices to the bottom of the tank, and independent means to lock the lower ends of said devices to said shelf and to draw the tank towards the shelf.' (When the corrections and interpolations set forth in the parentheses were made the claims were allowed.)

*“If claims 3 and 4 were rejected on the basis of prior patents it is incomprehensible to us that a rephrasing of the claims would add patentable invention where none existed before. Particularly is this true when the corrections and interpolations in the original claims amount only to a change in form and not in substance.*

“With reference to the so-called presumption which attaches to the issuance of the patent, this court concludes that any significance attendant thereto has been neutralized.”

Likewise here, as claim 12 which ultimately matured into claim 1 of the Magarian patent was properly rejected on the basis of a prior patent and acquiesced in by Magarian, it is difficult to conceive what rendered the claim patentable by the amendment specifying the



shaped inner faces on the Stimsonite lens or that the separator served to prevent play between the lens and the plates. At all events, it is manifest that Magarian's claim 1 cannot be construed or interpreted to cover the same subject matter as that defined by original claim 12 the rejection of which was acquiesced in by Magarian.

Claims 3 and 4 differ from claim 1 and from original claim 12 that was rejected and amended by (1) specifying that there is a common separator coextensive with the lens-receiving space and that the parallel faces of the body sections "exert uniform pressure on the interposed lenses and the separator." As above pointed out, there is no foundation for these limitations anywhere in the original disclosure in this application. These limitations were introduced into the application as an afterthought. Furthermore the coextensive separator was an old feature in the art as admitted by Magarian (R. 76):

"Q. . . . but in this particular case, you have a coextensive separator, coextensive with the size and shape of your lens receiving space in that outer end of Plaintiff's Exhibit A?

A. Well, if you want to limit it in that way, yes."

Also, in considering the limitation in claim 4 relating to the uniform pressure, if it is true as plaintiff asserts that this was inherent in his disclosure, then it is likewise true that this feature is inherent in the construction defined by Magarian's original claim 12

which was rejected, the rejection acquiesced in, and the claim amended. That the allowed claim in a patent can never be construed to cover the same subject matter defined by a claim presented, rejected, and either cancelled or amended, see

*Deller's Edition of Walker on Patents*, page 1215, section 249, and the numerous cases cited therein.

## JURISDICTION

The question of jurisdiction was consistently raised by the defendants in the Lower Court. The Lower Court ruled that it had jurisdiction. However, as the case was ultimately decided in favor of the defendants, the only reason why the defendants raise the question herein is for academic consideration.

The defendants reside at El Segundo, California, which is in the Southern District of California. The plaintiff resides in Fresno, California, which is also in the Southern District of California. This suit, however, was brought in San Francisco, the Northern District of California, on the theory that the defendants had a "regular and established place of business" in San Francisco. Mr. Mitchell represents the defendants in San Francisco in a very limited capacity. He also represents some twenty or twenty-one others in San Francisco in a like capacity. It is of considerable importance to ascertain whether Mr. Mitchell, by representing the defendants and the twenty or twenty-one others is conducting a regular and established place

of business in San Francisco, not only for these defendants but the twenty or twenty-one others that he represents so as to subject them to the jurisdiction of the Court for purposes of patent infringement suits. We therefore submit the question academically for the purpose of determining whether or not Mitchell, in performing the activities that he does for the various clients, is subjecting all of them to the jurisdiction of the Court in San Francisco for the purpose of patent infringement.

The defendants maintain a small supply of signaling arms that are warehoused at Mitchell's place of business for purposes of convenience in making deliveries of signals less than twelve in number. All larger orders that are taken for the defendants' signals are filled direct from El Segundo. (R. 171.) The defendants allow freight on twelve or more signals per order; hence this practice. (R. 171.) On smaller orders of less than twelve, these are frequently filled from the small stock maintained by Mitchell in San Francisco as a saving on freight, to secure promptness in delivery, and for purposes of convenience.

The orders are solicited by Mitchell's son who travels over Northern California soliciting orders not only for the defendants' signal arms but the merchandise of the twenty or twenty-one other manufacturers that Mitchell represents. The defendants pay no salaries to anyone in San Francisco or in the Northern District. (R. 178.) Orders taken are sent to El Segundo to the defendants for acceptance or rejection

as a general rule. The defendants do not have their name on the door of Mitchell's place of business. (R. 165, see Defendants' Exhibit O; see also R. 177.) The defendants are not listed in the telephone directory in San Francisco (R. 178); nor does their name appear on Mitchell's letterheads (R. 177); nor on his billheads. The defendants maintain no bank account in San Francisco, nor do they have access to Mr. Mitchell's place of business except during business hours when Mr. Mitchell permits them to enter. The defendants maintain no employees in San Francisco. Aside from his capacity as a sales agent, Mr. Mitchell is nothing more than a warehouseman insofar as these defendants are concerned, releasing small quantities of signals (twelve or less) either pursuant to small orders taken by his son or releasing the defendants' signals to jobbers recognized as such and to whom the defendants normally would extend credit.

When the plaintiff proposed buying a Detroit signal at Mr. Mitchell's place of business and used Hansen for this purpose, Mitchell testified (R. 175):

“I told this man it could not be sold to him but if he knew a jobber, we could sell it to the jobber.”

The sale was thus consummated.

We submit that under these circumstances defendants do not have a regular and established place of business at Mitchell's in San Francisco. The business of the defendants is making and selling signals. Certainly it is not a regular and established place of business at Mitchell's when a proposed purchaser,

such as Hansen, comes in and says "I want to buy a Detroit signal" and Mitchell replies "I can't sell it to you, you will have to go to a jobber." Mitchell's place of business is not a regular or established place of business of the defendants. There is no employee of the defendants, and none of the rent is paid by defendants. The defendants do not have their name on the door, and sales cannot be consummated there but have to be referred to jobbers.

The statute conferring jurisdiction was designed to enable patent infringement suits to be brought where the defendant has an established branch office or a recognized agency, or where in effect part of the defendant's business and infringement are being conducted. It is not believed that these defendants, or any one of the other twenty or twenty-one concerns that Mr. Mitchell represents have what amounts to a regular and established place of business at Mitchell's in compliance with the law. His place of business is eighteen or twenty by eighty feet outside measurements. (R. 164.) There he keeps certain stocks for the various concerns that he represents for the purpose of emergency orders. (R. 170.) It is well established that where a corporation employs a certain representative with an office room in New York City to solicit orders to be filled at their home office of the corporation in Missouri, paying him a small salary, commission on sales, and travelling expenses that such a corporation nevertheless does not have a "regular established place of business" in New York City within



the meaning of the statute. *Tyler v. Ludlow Saylor Wire Co.*, 236 U. S. 723, 59 L. Ed. 808. Mitchell's son operates somewhat in the same respect as the salesman did in the Tyler case. He solicits the orders and refers them to the home office of the defendants. However, he is not paid any salary nor any travelling expenses by the defendants. No office is maintained by defendants for him. The academic question presented is: Does the fact that Mitchell warehouses a small number of the defendants' signals for emergency purposes and for making small short deliveries in the case of small orders remove the facts of this case from the rule of the Tyler case and make the defendants have a regular and established place of business in San Francisco withing the meaning of the statute?

It is true that Mitchell delivered the signal to Hansen, that money was turned over to Mitchell by Hansen in payment for the signal. However, in making the delivery to Hansen and in accepting Hansen's money, Mitchell was merely acting in accommodation to the jobber, Scovel and Sons. He certainly was not acting with any authority from the defendants. If Mitchell had been authorized to sell the defendants' arms there would have been no object in his telling Hansen that he could not sell the arm to him, or in referring Hansen to a jobber such as Scovel and Sons. If Mitchell had been an agent of the defendants authorized to conduct business on behalf of the defendants in San Francisco, he would have been glad to sell the arm direct to Hansen himself and in so doing,



would have collected not only his warehouse fee but also a sales commission. The record, however, shows that Mitchell did not do this but instead referred Hansen to Scovel and Sons and then consummated the transaction as an accommodation to Scovel and Sons. The decision of this Court in *Wilson v. McKinney Mfg. Co.*, 59 F. (2d) 332, indicates that before jurisdiction should be assumed it should be clear that the jurisdictional facts are present. In this case the plaintiff apparently realized the weakness of his jurisdictional position and therefore proposed joining Mitchell as a party-defendant at the very moment that he took the witness stand. (R. 161, 162.)

The facts of this case compare closely with those of *General Electric Co. v. Best Electric Co.*, 220 F. 347:

“The sales agent is paid a commission of 7½ per cent on the amount of sales made by him or anyone else within this district and other territory. He is the agent for other manufacturers or dealers. He pays his own office rent, and does not display upon that office any sign indicating it is the business of the defendant. It keeps no stock of any kind in the district. Its agent does not do anything more than solicit orders. He is not authorized to accept them or to receive payment for them. All goods are shipped from its Pittsburgh office and factory and all payments are regularly made there. On one or two occasions when someone has wanted defendant’s goods in a hurry, or when for other reasons the agent did not choose to order the goods from the factory he went out and per-

sonally bought the goods from a New York jobber and sold them to his customer. It is very doubtful, under these circumstances whether the defendant is doing business in this district either generally or specially, in such sense as would render it liable to suit herein by the complainant residing here, and when the jurisdiction of this court was invoked on the ground of diverse citizenship only.”

To compare the case with the above, Mitchell’s son Myron Mitchell, is paid a commission on the amount of sales that he solicits for the defendants’ signal arms. Mitchell’s son works for Mitchell, not the defendants. Mitchell himself is the agent for other manufacturers and dealers, representing some twenty or twenty-one. Mitchell pays his own office rent. He does not display on his place of business any sign indicating that it is the place of business of the defendants. The only distinction between the present case and *General Electric v. Best* is that in the *General Electric* case no stock of any kind was kept in the district. In the present case, Mitchell does keep a small stock for the purpose of emergency orders and filling small orders, which are too small for the defendants to allow freight upon. In the *General Electric* case the representative when he received an emergency order went out and personally bought the goods from a New York jobber and sold them to his customer. In the present case, as Mitchell could not go out and buy the defendants’ arms from other jobbers in San Francisco, he, instead referred Hansen to a jobber and proceeded to supply a

signal arm from his warehouse stock so that the jobber could immediately fill the order. In so doing he delivered the signal to Hansen accommodating Scovel & Sons to this extent and accepted the money for it as an accommodation to Scovel & Sons.

The fact remains that the defendants do not have a regular and established place of business in San Francisco. Likewise all of the twenty manufacturers that Mitchell represents in addition to the defendants but in the same capacity should be held to have no regular and established place of business in San Francisco that would justify bringing suits against them for patent infringement in this district.

It is submitted, therefore, that it is of some academic importance not only to these defendants but to the other manufacturers represented by Mitchell to have judicially determined whether or not jurisdiction has been obtained in this case.

## CONCLUSION

Claim 1 of the plaintiff's mechanical patent is clearly anticipated by Plaintiff's Exhibit A on the plaintiff's own admission.

Claims 3 and 4 are invalid as lacking in invention over Exhibit A and other prior art.

The design patent lacks invention over the art. Such differences as may exist between the plaintiff's design and the prior art are dictated solely by utilitarian considerations.

Even if the design patent were valid, it is not infringed by the defendants' construction which differs from it in appearance. There is no proof that anyone has been confused into buying the defendants' arm believing it to be plaintiff's. Furthermore, there is no apparent likelihood that such confusion would ever arise.

The Lower Court should therefore not only be sustained in its Findings of Fact but also in its Conclusions of Law.

The plaintiff is guilty of unclean hands in that he suppressed evidence as to Plaintiff's Exhibit A before the Examiner. Had the Examiner been aware of Plaintiff's Exhibit A as being part of the prior art very likely he would not have granted Magarian's patent at all. He is also guilty of unclean hands by applying to his signal arm the patent numbers of the Stimson patents with the manifest intention of causing the public to believe that these patents covered his signal arm whereas, as a matter of fact, they merely covered the Stimsonite lenses that Magarian purchased and incorporated in his signal arm. Even the manufacturer of the Stimsonite lenses was misled by the appearance of these patent numbers on the plaintiff's arm. The allowed claims of the plaintiff differ from those which were presented, rejected, and cancelled or amended in immaterial respects, and in some respects having no foundation in the patent application disclosure. They are not supported by a supplemental oath. They cannot be construed as covering the same

subject matter as a claim presented, rejected, and cancelled.

The Lower Court should not have taken jurisdiction of this case for the reason that the defendants do not have a regular and established place of business in San Francisco.

An affirmance of the decree of the Lower Court, which is manifestly just as between the parties, is respectfully urged.

Respectfully submitted,

FRED H. MILLER,  
*Attorney for Defendants-Appellees.*

JAMES M. NAYLOR,  
*Of Counsel.*





# Appendix



## APPENDIX

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### DEFENDANTS' INTERROGATORY 7 AND MAGARIAN'S ANSWERS THERETO

“Prior to November 16, 1935, did the plaintiff sell or cause to be sold, signal arms embodying any of the following features or constructions:

“(a) Two identical elongated plates having registering marginal flanges and spaced body portions with registering openings therein. A. No.

“(b) Lenses having flanges bearing on the inner margins of the openings. A. No.

“(c) The lenses having body portions projecting through the openings. A. No.

“(d) A separator between the lenses. A. No.

“(e) Means for securing the flanges of the plates together whereby the body portions of the plates are made to clamp the lenses upon the separator. A. No.

“(f) The lenses having shaped inner faces to produce desired reflecting effects. A. Yes.

“(g) The separator serving to prevent play between the lenses and the plates. A. Yes, as far as each individual separator is concerned.”



4  
No. 9811

IN THE  
United States Circuit Court of Appeals  
For the Ninth Circuit

MASICK C. MAGARIAN,  
*Plaintiff and Appellant,*  
vs.

DETROIT PRODUCTS COMPANY, a copart-  
nership composed of FLOYD E. WAL-  
LACE and PERCY J. ELWELL,  
*Defendants and Appellees.*

APPELLANT'S REPLY BRIEF.

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FILED

NOV 14 1941

PAUL P. O'BRIEN,  
CLERK





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## APPELLANT'S REPLY BRIEF.

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Appellees, in their brief, have raised a few points which are thought to require a reply. For the sake of simplicity, these points will be discussed in the form of a commentary upon appellees' brief, reference being had to the page numbers thereof.

Page 11: Appellees allege that there is nothing in the drawing to show that the common separator is coextensive with the lens-receiving space. A glance at Figure 2 of the drawing in the utility patent will prove the contrary. (Book of Exhibits, page 264.) This Figure clearly shows the separator in dotted lines as extending throughout the width and the length of the lens-receiving chamber. The specification through-

out refers to "the separator" in the singular, as for instance (Page 2, lines 19 and fig.), "The separator \* \* \* is placed on top of the lenses", which plainly implies that there is only one separator for all the lenses.

Page 15: Appellees' claim that there is no disclosure in the specification of the Magarian Patent that the body sections exert "uniform pressure" on the interposed lenses. This feature is clearly inherent in the structure shown and described. Figures 1 and 4 definitely show that the body portions of the plates are parallel. Figure 4 shows the separator as extending in uniform thickness from one pair of lenses to the next one. The lenses necessarily are all alike, are shown as being alike, and only one kind of lens has been described. The specification states that the plates are identical and that the body portions run parallel to the margins. The clamping action is clearly described in the following sentence (Page 2 of the patent, Column 1, lines 7 to 12):

"Between the lenses I interpose a separator, and the different parts are arranged and dimensioned so that when assembled the marginal portions of the body sections of the plate bear on the flanges of the lenses and clamp the same from opposite sides upon the separator."

If that does not clearly express the gist of the invention as defined in Claims 3 and 4, it is difficult to say what would. Apparently, the Examiner of the Patent Office had no difficulty in understanding the invention from the specification and drawing.

That, under these circumstances, no supplementary oath was required, is apparent. See, for instance, Walker, Deller's Edition, Page 867:

“A supplementary oath is not, however, necessary to cover claims additional to those originally filed, where the addition of claims are within the invention as originally disclosed.”

Page 17: This page contains two misleading statements, made in an effort to disprove that Magarian pioneered the idea of applying the Stimsonite lens to a signaling arm. Appellees wish the Court to gain the impression that Stimson, himself, first suggested the idea of using the lens for signaling arms, and quote from the Stimson Patent as follows:

“This invention relates to reflecting devices and more particularly to reflecting devices of the character designed for signalling and aids to traffic.”

The above statement certainly does not mention signaling *arms*, and the testimony clearly shows that the Guide Lamp Corp. made the Magarian lenses only after Magarian had suggested the idea and had solved the problem of applying them. (Book of Exhibits, Pages 270-271; Tr. Page 39 and fig.)

Appellees further suggest that the idea came from the California State Motor Vehicle Department, because Wallace testified that it was at the suggestion of Mr. Sharkey of the State Motor Vehicle Department, that he (Wallace) wrote to the Guide Lamp Company to obtain Stimsonite reflectors. But, this was in 1938, at least fifteen months after Magarian

had submitted his patented arm to the same State Department. (Book of Exhibits, Page 272.)

There is no suggestion in the record which would deprive Magarian of the distinction of having pioneered the idea of applying the Stimsonite lens to a signaling arm.

Page 20: The principle of the Patent Law that a genuine combination can only be anticipated by a similar combination shown in a single reference, is too well established to require discussion. Any decisions which seemingly hold to the contrary, can be readily distinguished as referring to aggregations rather than combinations, that is, to cases in which no new functional relationship arises from the combination, as was pointed out in the very decisions relied on by appellees. (*Mettler v. Peabody Engineering Corp.*, 77 Fed. (2d) 56, and *Bailey v. Sears Roebuck & Company*, 115 Fed. (2d) 904.)

Page 21: The statement on Page 21 that counsel admitted during the pre-trial procedure that all the elements in Plaintiff's patent were old, apparently is unfounded, and not substantiated by anything in the record. While, broadly speaking, plates and lenses and separators, may not be new, one would look in vain for Magarian's particular plate, Magarian's particular lens, and Magarian's particular separator in any of the prior art structures. The Appellees have not even attempted to do this.

Pages 23 to 29: Referring to the design patent, Appellees, for the first time, raise the point that the



novelty in the design patent allegedly is dictated only by utilitarian considerations. This point was not mentioned in the answer, was not mentioned during the entire trial, was not discussed in any previous brief, and was not made the subject of any finding. It, no doubt, is an afterthought, and the fact that it was not mentioned once during the entire previous proceedings carries a strong suggestion that, even in the opinion of counsel, it does not exactly fit into the circumstances of the present case.

A brief discussion of the authorities cited on behalf of this proposition will convincingly show that, wherever this point was advanced by the Courts, the facts may be readily distinguished from those of the present case.

In *Applied Arts Corp. v. Grand Rapids Metalcraft Corp.*, 67 Fed. Sec. 428, validity was not in issue, and the Court merely held in substance that the patentee could not claim any more than his own contribution over the prior art, which, of course, is one of the basic principles of our Patent System. Appellant does not claim infringement of any particular features shown in the prior art; he does claim that he has created a new article which in its overall aesthetic effect belongs in a class by itself as distinguished from the prior art; and that Appellees have copied this overall aesthetic effect.

In *Man-Sew Pinking Attachment Corp. v. Chandler Machine Company* (33 Fed. Suppl. 950), validity likewise was not in issue. The accused machine was similar mechanically to that of the patentee. It had the same

essential parts and was designed to fit into the same sort of cut-out. Consequently the machines looked somewhat alike, though they were by no means identical. In the present case, the signaling arm is an independent article, does not fit into any particular cut-out, and may be made of almost any shape the user's fancy may dictate.

In *Weisgerber v. Clowney*, 131 Fed. 477, the Appellees quote only one-half of the sentence; the full sentence reads as follows:

“A design patent is addressed to the eye and is to be judged by its ability to please (citation). There may be no objection to the article to which it relates being useful, as well as ornamental, but the attempt to patent a mechanical function, under cover of a design, is a perversion of the privilege given by the statutes.”

The case was not decided on this point, but on differences pointed out by the Court. In the present case, Appellant does not attempt to patent a mechanical function by means of the design patent.

In *Straus Gas Iron Company v. William M. Crane Co.*, 235 Fed. 126, and in *North British Rubber Company v. Ronne Rubber and Tire Company*, 271 Fed. 936, the aesthetic feature was held to be entirely absent, one of the cases holding that the article in question was “incapable of being the subject of design patent, for want of reason to suppose that its appearance can ever really matter to anybody”.

*Ex Parte Kern*, Commissioner's Decisions for 1903, Page 292, only holds that if the configuration is

merely due to fitting a part into the place where it is to be used, such appearance must be eliminated from consideration of the subject-matter as an ornamental design. In the present case, the signal arm is an independent device, not intended for fitting into any particular place, and the aesthetic appearance is not dependent upon the construction shown in the utility patent.

In fact, the same aesthetic appearance might be created by omitting the separator, the flanges on the lenses, and the clamping action altogether, as, for instance, by making the two plates in one piece, possibly solid throughout, and gluing the oval portions of the lenses on the outside. This would produce exactly the same appearance and still would be a radically different structure which would be altogether outside the scope of the utility patent.

The Commissioner's Decision *Ex Parte McGowen*, 336 O. G. 3, discussed at length by Appellees on Pages 26 and 27, runs parallel to the present case only insofar as in both cases both applications were filed on the same date. They are utterly at variance insofar as in the cited case the Commissioner refused both patents, while in the present case, the Commissioner allowed both patents.

Page 35: Under the heading "The Plaintiff is Guilty of Unclean Hands", the brief states:

"No information concerning Plaintiff's Exhibit A was ever divulged by Magarian or his attorney to the Examiner of the Patent Office."

As far as Appellant is aware, no proof was submitted by Appellees to justify this statement. There is no testimony relating to an examination of Magarian's file wrapper and there is no proof that Magarian or his attorney might not have shown the Examiner Plaintiff's Exhibit A in a personal interview. In view of these facts, the above statement is hardly justified.

But, regardless of whether or not the exhibit was shown to the Examiner, Appellant maintains that it would not have made any difference as explained in the original brief. It is only interesting to note that the Appellees themselves did not think enough of this point to actually follow it up during the trial.

Under the same heading, bottom of Page 35, the Appellees say:

“Furthermore, when it came to answering Defendants' Interrogatories filed in the Lower Court he (plaintiff) denied having made a construction embodying features of Plaintiff's Exhibit A prior to November 10, 1935.”

This statement is positively erroneous.

In response to the Interrogatory, the Plaintiff made the following statement:

“With respect to questions 7 to 10, inclusive, Affiant (plaintiff) states that the only signalling arm sold by Plaintiff prior to November 16, 1935, is the one referred to in Question 11 of the interrogatory and a specimen of this signalling arm is filed herewith as Plaintiff Exhibit A. While the specimen speaks for itself, Plaintiff has answered the questions relating to its construction in order to expedite matters.”

It thus appears that the Plaintiff-Appellant submitted the arm, Plaintiff's Exhibit A, as the very first exhibit in the case and in response to the interrogatories referred to in the brief. Any comment made on the exhibit was, therefore, merely an expression of opinion.

Page 46: On line 2, and following, the Appellees make the surprising statement:

"That the allowed claims in the Patent can never be construed to cover the same subject-matter defined by a claim presented, rejected and either cancelled or amended, see

*Deller's Edition of Walker on Patents*, page 1215, Section 249,

and the numerous cases cited therein."

In reality, the statement referred to reads as follows:

"Where an applicant, on the rejection of his application, inserted in consequence of that rejection, limitations and restrictions into his specification for the purpose of obtaining his patent, he cannot, after he has obtained it, claim that it shall be construed as it would have been if such limitations and restrictions were not contained in it."

How this well-known principle of the Patent Law can have any effect on the present situation, is difficult to see. Appellant does not ask for any construction of his patent, as it would have been if the limitations and restrictions added by amendment were not contained in it. He merely asks for a narrow inter-



pretation of the claims with all their limitations and restrictions and does not need to ask for any more, since the Appellees have copied every one of the limitations and restrictions contained in the claims.

Page 46: Toward the end of the brief, the Appellees give the Court the benefit of the discussion of an academic question not now before the Court. The question of jurisdiction was fully argued before the trial court and decided in favor of Plaintiff. The Defendants did not appeal from the decision and must be considered as having waived the point. An appeal brief is hardly the place for the academic discussion of an extraneous point.

Dated, San Francisco,  
November 14, 1941.

ADELBERT SCHAPP,  
*Attorney for Appellant.*



United States  
Circuit Court of Appeals

For the Ninth Circuit.

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SIMPLEX WRAPPING MACHINE CO.,  
a Corporation,

Appellant,

vs.

CHARLES F. SCHULTZ, IRA E. SCHULTZ,  
SCHULTZ FOOD COMPANY, a Partnership,  
and GEORGE KOSTER, doing business under  
the fictitious name and style of KOSTER  
CANDY COMPANY,

Appellees.

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Transcript of Record

In Two Volumes

VOLUME I

Pages 1 to 316

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Upon Appeal from the District Court of the United  
States for the Northern District of California,  
Southern Division.



United States  
Circuit Court of Appeals  
For the Ninth Circuit.

---

SIMPLEX WRAPPING MACHINE CO.,  
a Corporation,

Appellant,

vs.

CHARLES F. SCHULTZ, IRA E. SCHULTZ,  
SCHULTZ FOOD COMPANY, a Partnership,  
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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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---

In the United States District Court, Northern

District of California, Southern Division

RENE J. GAUBERT,

Plaintiff,

vs.

CHARLES F. SCHULTZ, an individual, IRA E.  
SCHULTZ, an individual, SCHULTZ FOOD  
COMPANY, a partnership, and GEORGE  
KOSTER, doing business under the fictitious  
name and style of KOSTER CANDY COM-  
PANY,

Defendants.

## BILL OF COMPLAINT [1\*]

Comes now the plaintiff, above named, and for  
cause of action alleges:

---

\*Page numbering appearing at foot of page of original certified  
Transcript of Record.

1. That the plaintiff, Rene J. Gaubert, is a resident of the city of Oakland, State of California, and maintains a place of business in Oakland, California, under the fictitious name and style of Simplex Wrapping Machine Company.

2. That the defendant, Charles F. Schultz, is an individual residing within the northern district of California, southern Division, in which district said defendant has committed the acts of infringement hereafter referred to.

3. That the defendant, Ira E. Schultz, is an individual residing within the northern district of California, southern division, in which district said defendant has committed the acts of infringement hereafter referred to.

4. That the defendant, Schultz Food Company, is a partnership composed of defendant, Charles F. Schultz, and defendant Ira E. Schultz, and that said partnership has a regular and established place of business at Oakland, California, within the northern district of California, southern division, in which district said defendant has committed the acts of infringement hereinafter referred to.

5. That the defendant, George Koster, is an individual doing business under the fictitious name and style of Koster Candy Company, and has a place of business at Oakland, California, within the northern district of California, southern division, in which district said defendant has committed the acts of infringement hereafter referred to.



6. That this complaint constitutes a civil action for infringement of United States Letters Patent No. 2,094,594, and that the jurisdiction of this Court hereof depends upon the Patent Laws of the United States.

7. That on October 5, 1937, United States Letters [2] patent No. 2,094,594 was duly and legally issued to the plaintiff for an invention in a "Bag Making Machine and Method", and that since that date plaintiff has been, and still is, the owner of those Letters Patent.

8. That defendant, Charles F. Schultz, has, within the last six years, infringed and still is infringing those Letters Patent by making, using and selling, or causing to be made, used and sold, bag making machines embodying the patented inventions, and will continue to do so unless enjoined by this Court.

9. That defendant, Ira E. Schultz, has, within the last six years, infringed and still is infringing those Letters Patent by making, using and selling, or causing to be made, used and sold, bag making machines embodying the patented inventions, and will continue to do so unless enjoined by this Court.

10. That defendant, Schultz Food Company, has, within the last six years, infringed and still is infringing those Letters Patent by making, using and selling, or causing to be made, used and sold, bag making machines embodying the patented inventions, and will continue to do so unless enjoined by this Court.

11. That defendant, George Koster, has, within

the last six years, infringed and still is infringing those Letters Patent by using bag making machines embodying the patented inventions, and will continue to do so unless enjoined by this Court.

12. That plaintiff has placed the required statutory notice on all bag making machines manufactured, used and sold by him under said Letters Patent, and has given written notice to said defendant, Schultz Food Company, of its said infringement.

13. That the said invention of said Letters Patent was and is of great utility and value to the plaintiff and of great [3] benefit to the public; and that plaintiff, doing business under the fictitious name and style of Simplex Wrapping Machine Company, has extensively sold and introduced into public use devices in which said patented inventions are embodied, and the public has demanded and has purchased from plaintiff said patented device in large quantities, and, except for the infringements herein complained of, the public has in general acknowledged the validity of the aforesaid Letters Patent, and has respected the plaintiff's rights therein.

14. That defendants, and each of them, have derived unlawful gains and profits from the infringement of said Letters Patent, which plaintiff would have received but for such infringement, and therefore plaintiff has been caused irreparable damage in an indeterminate amount, which can only be determined by an accounting, and for which plaintiff has no adequate remedy at law.

Wherefore, plaintiff prays:

(a) For a permanent injunction restraining the defendants, and each of them, their partners, officers, agents and employees, from the manufacture, use or sale of said patented inventions or Letters Patent aforesaid, or any part thereof, in violation of the rights of the plaintiff, and from otherwise infringing in any manner, directly or indirectly, upon said Letters Patent.

(b) For a decree that defendants account for and pay over to the plaintiff the profits had by defendants and each of them and the damages which have been suffered by plaintiff by reason of said infringement.

(c) For a decree directing the defendants to pay the Court costs, charges and disbursements herein.

(d) For such other and further relief as the circumstances of the case may require. [4]

(e) That defendants be required to answer this bill of complaint, but not under oath, answer under oath being hereby expressly waived.

RENE J. GAUBERT

By PAUL D. FLEHR

JOHN F. SWAIN

His Attorneys

[Endorsed]: Filed Mar. 21, 1940. [5]

[Title of District Court and Cause.]

ANSWER

Now comes the defendants in the above-entitled action, and answer the Bill of Complaint as follows:

1. Defendants have no knowledge of the allegations contained in Paragraph 1 of the Complaint, and therefore deny that the Plaintiff is a resident of the City of Oakland, and maintains a place of business in Oakland, under the fictitious name and style of Simplex Wrapping Machine Company.

2. Defendants admit that Charles F. Schultz is an individual residing within the Northern District of California, Southern Division; but deny that said defendant has committed acts of infringement within said District.

3. Defendants admit that Ira E. Schultz is an individual residing within the Northern District of California, Southern Division, but deny that said Defendant has committed any acts of infringement within said District.

4. Defendants admit that Schultz Food Company is a partnership composed of Charles F. Schultz and Ira E. Schultz, and that said partnership has a regular and established place of business at Oakland, California, within the Northern District of California, Southern Division; but deny that said Defendants have committed any acts of infringement within said District.

5. Defendants admit that George Koster is an individual doing business under the fictitious name

and style of Koster Candy Company, and has a place of business at Oakland, California, within the Northern District of California, Southern Division; but deny that said Defendant has committed any acts [6] of infringement within said District.

6. Defendants admit that this Complaint constitutes a Civil Action for infringement of United States Letter Patent No. 2,094,594, and that the jurisdiction of this Court depends upon the Patent Laws of the United States.

7. Defendants admit that on October 5th, 1937, United States Letters Patent No. 2,094,594, was issued to the Plaintiff on a Bag Making Machine and Method; but deny that the same was issued duly and legally. As to the allegation that the plaintiff has been and still is the owner of said Patent, the Defendants are without knowledge, and therefore deny that the Plaintiff has been and still is the owner thereof.

8. Defendants deny each and every allegation contained in Paragraphs 8 to 11, inclusive, of said complaint.

9. Defendants have no information whether Plaintiff has placed the required statutory notice on all Bag Making Machines manufactured, used and sold by him under said Letters Patent; but admits that he has given written notice to Defendant, Schultz Food Company, of the alleged infringement.

10. Defendants have no information sufficient to form a belief as to the truth of the allegations con-



tained in Paragraph 13 of the Complaint, and therefore deny the same.

11. Defendants deny the allegations contained in Paragraph 14 of the Complaint.

12. Defendants alleged by way of affirmative defense, as follows:

A. The Complaint fails to state a claim against Defendants upon which relief can be granted.

B. That said Letters Patent are invalid and void for the reason that the subject-matter thereof does not amount to invention, but instead amounts to mere mechanical skill. [7]

C. The said Letters Patent are invalid and void for the reason that the claims thereof are not for good and valid patentable combinations, but instead, are for mere unpatentable aggregations.

D. The said Letters Patent, upon information and belief, are invalid and void for the reason that the subject-matter thereof has been constructively abandoned by the Plaintiff in that the Plaintiff sold and publicly used devices embodying the alleged invention thereof more than two years prior to the filing of the application for said letters patent.

E. The said letters patent are invalid and void for the reason that devices embodying the alleged invention were on sale and in public use in the United States prior to the Plaintiff's alleged invention thereof, or more than two years prior to the filing of the Plaintiff's application for letters patent thereon; that Defendants are not now advised of



the names and addresses of such prior users and of the places of sale, but are making diligent inquiries and pray leave to insert the same herein by amendment, when ascertained.

F. The said letters patent are invalid and void for the reason that the alleged invention disclosed therein was known and used by others within the United States prior to the date of the said invention.

G. That said letters are invalid and void for the reason that each and every material part thereof was patented or described in the following patents and publications;

Patent No.	Patentee	Date
135,275	Hotchkiss	Jan. 28, 1873
251,402	Beyer	Dec. 27, 1881
515,121	Hunt	Feb. 20, 1894
		[8]
1,020,821	Hesser	Mar. 19, 1912
1,368,633	Johnson	Feb. 15, 1921
1,703,723	Corse	Feb. 26, 1929
1,780,142	Becker	Oct. 28, 1930
1,953,122	Munson	Apr. 3, 1934
1,973,406	Cooley	Sept. 11, 1934

and others, the numbers and dates of which are now unknown to the Defendants and for which the Defendants are conducting a diligent search and pray leave to insert herein by amendment, when ascertained.

Wherefore, the Defendants pray that the Bill of Complaint herein be dismissed and that they be awarded their taxable costs.

A. SCHAPP,

Attorney for Defendants.

Dated: May 1st, 1940.

Receipt of a Copy of the above Answer is hereby acknowledged, this ..... day of May, 1940.

PAUL D. FLEHR,

Attorney for Plaintiff.

[Endorsed]: Filed May 1, 1940. [9]

---

[Title of District Court and Cause.]

### INTERROGATORIES. [10]

Comes now the Plaintiff and files the Interrogatories herein, which are herewith exhibited to the Court, said Interrogatories to be answered by the Defendants in accordance with the provisions of Rule 33 of the Rules of Civil Procedure.

1. With reference to the allegations contained in Paragraph 12, Section D, of Defendants' Answer:

(a) When and where did Plaintiff sell and publicly use devices embodying the alleged invention of the patent in suit more than two years prior to the filing of his application for said Letters Patent?

(b) Furnish Plaintiff with a photograph, drawing, or other identification of the device or devices referred to in Section (a) hereof.

2. With respect to the allegations set forth in Paragraph 12, Section E of Defendants' Answer:

(a) When and where have each of the devices embodying the invention of the patent in suit been on sale or in public use in the United States prior to Plaintiff's invention thereof?

(b) When and where have each of the devices referred to in Section (a) hereof been on sale or in public use in the United States more than two years prior to the filing of Plaintiff's application for Letters Patent thereon?

(c) Supply Plaintiff with photographs, drawings, or other identifications of each of the devices referred to by Defendants in answering this interrog- [11] atory.

(d) What is the earliest date which at the time of trial, Defendants will establish in connection with each of the devices specified by Defendants in answering sections (a), (b) and (c) of this interrogatory 2?

3. With reference to the allegations contained in Defendants' Answer, Paragraph 12, Section F:

(a) When, where and by whom has the invention of the Letters Patent in suit been known and used by others within the United States prior to the date of Plaintiff's invention?

(b) What is the earliest date or dates which Defendants will establish at the time of trial,

with respect to each of the instances which may be referred to by Defendants in answering this interrogatory?

4. With respect to the allegations set forth in Paragraph 12, Section G, of Defendants' Answer, what parts of Defendants' invention are found in each of the Letters Patent set forth in said Paragraph 12, Section G?

5. Did the Defendant Schultz Food Company publish and cause to be distributed folders as shown in Exhibit 1 attached hereto?\*

6. If the answer to interrogatory 5 is in the affirmative, state the names and addresses of purchasers of the machines disclosed in said circular, and the names and addresses of persons using said machines. [12]

7. With respect to Paragraph 12, Section G, of Defendants' Answer, state whether or not Defendants will contend at the time of trial that any of said patents are to be accorded effective dates prior to the filing dates of their respective applications, and if the answer is in the affirmative, specify such earlier effective dates.

8. State whether or not Defendants, Charles P. Schultz, Ira E. Schultz, and/or Schultz Food Company

(a) have continued to manufacture and sell devices of the type illustrated in the attached Exhibit 1, since the commencement of this suit,

---

\*[Printer's Note]: Omitted herefrom inasmuch as said Exhibit is identical to Exhibit 16 reproduced in Book of Exhibits.

(b) are engaged in the design of a new machine for the purpose of avoiding use of certain features embodied in the machine shown in Exhibit 1.

PAUL D. FLEHR,

Attorney for Plaintiff.

Dated: May 28, 1940.

Receipt of a copy of the above Plaintiff's Interrogatories is hereby acknowledged this 28th day of May, 1940.

A. SCHAPP,

Attorney for Defendants.

[Endorsed]: Filed May 28, 1940. [13]

---

[Title of District Court and Cause.]

### INTERROGATORIES [15]

Now Come the Defendants in the above-entitled application, and serve upon the Plaintiff the following interrogatories to be answered under Rule 33:

1. What date will the Plaintiff rely on at the trial, as the date of the conception of the invention?
2. When did the Plaintiff make the first drawing of the said invention?
3. When did the Plaintiff make the first written description of the invention?
4. When did the Plaintiff first disclose the invention to others?

5. Give the date or dates of the first act or acts, other than those specified under Questions 2-4, inclusive, which, if proven, would establish conception of the invention, and a brief description of such act, or acts.

6. When did the Plaintiff reduce the invention to practice?

7. When did the Plaintiff begin to exercise reasonable diligence in adapting and perfecting the invention?

8. Give the filing date or dates of any foreign applications filed on the same subject-matter as that embodied in the patent in issue.

9. Give the date when the first machine embodying features covered by any of the claims relied on in the present suit was used publicly. [16]

10. Give the date when the first machine embodying features covered by any claims relied on in the present suit was placed on sale.

11. What claims of the patent in issue will the Plaintiff rely on at the trial as being infringed by the Defendants?

12. Give the names and addresses of the first three purchasers of Plaintiff's machine embodying the subject-matter of the patent in issue.

13. Furnish a photostatic copy or other reproduction of the first drawing, if any, made by the Plaintiff of the machine embodying the features of the patent in issue.

14. Give the names and addresses of the parties



to whom the Plaintiff disclosed the invention prior to the filing of the patent application.

15. Furnish a photostatic copy or other reproduction of the first written description made by the Plaintiff or some one on his behalf of a machine embodying the features of the invention.

16. State, whether or not, in the conception and/or the reduction to practice of the said invention, the Plaintiff had the aid and cooperation of any other person or persons.

17. If the Question under 16 is answered in the affirmative, give the name and address of such person or persons.

18. State whether or not, prior to the date of the first disclosure of his invention to others, the Plaintiff was familiar with any automatic or semi-automatic bag-making machine or machines. [17]

19. If Question 18 is answered in the affirmative, identify the machine or machines by name of manufacturer or patentee.

20. State whether or not, prior to the date of the first disclosure of his invention to others, the Plaintiff was familiar with any machine for forming bags from sheet material which employed a mandrel and means for folding over side and bottom margins of the sheet over the mandrel through angles of substantially 180 degrees so as to form a T-shaped overlap area on one face of the mandrel.

21. If Question 20 is answered in the affirmative, identify the machine by the name and address

of the manufacturer, or if patented or described in a printed publication, by giving the Number of the patent or the date and title of the publication.

22. State whether or not, prior to the date of the first disclosure of his invention to others, the Plaintiff was familiar with any machine for forming bags from sheet material which employed a T-shaped heated surface.

23. If Question 22 is answered in the affirmative, identify the machine by the name and address of the manufacturer, or if patented, or described in any printed publication, identify the patent or the printed publication.

24. Of what country is the plaintiff a citizen?

25. Of what country was the plaintiff a citizen when he executed the oath accompanying his application for the patent in issue? [18]

A. SCHAPP (sic)

Attorney for Defendants.

Dated: May 18th, 1940.

Receipt of a copy of the above Defendants' Interrogatories is hereby acknowledged this 18 day of May, 1940.

PAUL D. FLEHR,

Attorney for Plaintiff.

[Endorsed]: Filed June 7, 1941. [19]

[Title of District Court and Cause.]

ANSWERS TO INTERROGATORIES. [20]

Now Come the Defendants in the above-entitled action and hereby answer the interrogatories propounded by the Plaintiff in accordance with Rule 33 of the Rules of Civil Procedure, as follows:

Answer to interrogatory 1:

The facts are peculiarly within the knowledge of the plaintiff, and plaintiff, thus far, has refused to answer an interrogatory referring to the first date of public use. Defendants are making diligent inquiry as to the first dates of public use and sale, but have no definite knowledge at the present time.

Answer to Interrogatory 2:

Defendants have no definite knowledge, as yet, which would enable them to answer this question.

Answer to Interrogatory 3:

Defendants have no definite knowledge, as yet, which would enable them to answer this question.

Answer to Interrogatory 4:

This question may be readily answered by Plaintiff by analyzing the patents referred to. Particular attention is called to the patent to Beyer, No. 251,402, which shows a mandrel and means for folding over side and bottom margins of the sheet over the mandrel through angles of substantially 180°, thereby forming a T-shaped overlap area on one side face of the mandrel, and to Hunt, No. 515,121, which shows a T-shaped heated surface.

Answer to Interrogatory 5:

Yes. [21]

Answer to Interrogatory 6:

The names and addresses of purchasers and users of the machine are:

Koster Candy Company, Oakland, California.

Giant Distributing Company, Oakland, California.

Answer to Interrogatory 7:

No, as far as Defendants are advised at the present time.

Answer to Interrogatory 8a:

Yes.

Answer to Interrogatory 8b:

No.

CHARLES F. SCHULTZ (sic).

State of California,

City and County of San Francisco—ss.

Charles F. Schultz, being duly sworn, deposes and says:

I am one of the Defendants above named. I have read the foregoing answers to Plaintiff's Interrogatories and know the contents thereof, and the same are true of my own knowledge, except as to the matters which are therein stated on information or belief, and as to those matters, I believe it to be true.

CHARLES F. SCHULTZ (sic).

Subscribed and Sworn to before me this 10th day of June, 1940.

NANCY EVERETT (sic),  
Notary Public, in and for the County of San Francisco, and State of California. [22]

Receipt of a copy of Defendant's Answers to Plaintiff's Interrogatories admitted this 11 day of June, 1940.

JOHN F. SWAIN (sic),  
Attorney for Plaintiff.

[Endorsed]: Filed June 12, 1940. [23]

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[Title of District Court and Cause.]

PLAINTIFF'S ANSWERS TO DEFENDANTS'  
INTERROGATORIES [24]

Now comes the Plaintiff above named and answers certain interrogatories propounded by Defendants in accordance with Rule 33 of the Rules of Civil Procedure.

Answer to Interrogatory 8.

Plaintiff has no foreign applications or patents on the same subject matter as that embodied in the patent in suit.

Answer to Interrogatory 10.

On or about April, 1935.

Answer to Interrogatory 11.

As now advised, Plaintiff will rely upon claims 14 and 18.

Answer to Interrogatory 12.

Hostess Cake Kitchen

San Francisco, California

Mother's Cake & Cookie Co.

Oakland, California

Grandma Cake Co.

Oakland, California

Answer to Interrogatory 18.

No.

Answer to Interrogatory 19.

See answer to Interrogatory No. 18.

Answer to Interrogatory 20.

No.

Answer to Interrogatory 21.

See Answer to Interrogatory No. 20. [25]

Answer to Interrogatory 22.

No.

Answer to Interrogatory 23.

See answer to Interrogatory No. 22.

Answer to Interrogatory 24.

United States of America.

Answer to Interrogatory 25.

United States of America.

RENE J. GAUBERT.



State of California,  
City and County of San Francisco—ss.

Rene J. Gaubert, being duly sworn, deposes and says:

I am the Plaintiff above named. I have read the foregoing answers to Defendants' Interrogatories and know the contents thereof, and the same are true of my own knowledge except as to the matters which are therein stated on information or belief, and as to those matters, I believe it to be true.

RENE J. GAUBERT.

Subscribed and sworn to before me this 3rd day of June, 1940.

(Seal)

W. W. HEALEY,

Notary Public in and for the City and County of  
San Francisco, State of California.

[Endorsed]: Filed June 3, 1940. Receipt of service. [26]

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[Title of District Court and Cause.]

PLAINTIFF'S ANSWERS TO DEFENDANTS'  
INTERROGATORIES.

Now comes the Plaintiff and answers the remaining interrogatories propounded by Defendants: [27]

Answer to Interrogatory 1.

Plaintiff conceived the invention on or about the first of August, 1934.

Answer to Interrogatory 2.

Plaintiff made the first drawing of the invention within one week of the date he conceived the invention.

Answer to Interrogatory 3.

Plaintiff personally made no written description of the invention.

Answer to Interrogatory 4.

Plaintiff disclosed the invention to others on or about the middle of August, 1934.

Answer to Interrogatory 5.

Plaintiff made other drawings of particular features of the machine embodying the invention soon after the first drawings (Interrogatory 2).

Answer to Interrogatory 6.

Plaintiff reduced the invention to practice on or about the first of September, 1934.

Answer to Interrogatory 7.

Plaintiff began to exercise diligence in adapting and perfecting the invention immediately after conceiving it.

Answer to Interrogatory 9.

The first machine embodying features covered by any of the claims relied upon in the present suit was used publicly on or about April 30, 1935.

Answer to Interrogatory 13.

Plaintiff has diligently searched for the first [28] drawing of the machine embodying the features of

the patent in issue but has been unable to locate the same. Plaintiff is continuing his search.

Answer to Interrogatory 14.

Plaintiff disclosed the invention, prior to the filing of the patent application, to:

Don Prenveille, Oakland, California

Ed Weidman of Service Pattern Works, Oakland, California

Roy Collins, Oakland, California

Paul D. Flehr, San Francisco, Calif.

Harvey Sherburne, San Francisco, Calif.

Answer to Interrogatory 15.

The first written description made by anyone under the direction of Plaintiff was the preliminary draft of the specification forming part of the application for Letters Patent which issued into the patent in suit. Plaintiff refers Defendants to a copy of the patent in suit which is substantially the same as the preliminary draft of the specification above referred to. (See Interrogatory 3)

Answer to Interrogatory 16.

Yes.

Answer to Interrogatory 17.

Don Prenveille, Oakland, Calif.

Ed Weidman, Oakland, California

Roy Collins, Oakland, California

RENE J. GAUBERT

State of California,  
City and County of San Francisco—ss.

Rene J. Gaubert, being duly sworn, deposes and says: [29]

I am the Plaintiff above named. I have read the foregoing answers to Defendants' Interrogatories and know the contents thereof, and the same are true of my own knowledge except as to the matters which are therein stated on information or belief, and as to those matters, I believe it to be true.

RENE J. GAUBERT

Subscribed and sworn to before me this 27th day of June, 1940.

(Seal)

W. W. HEALEY

Notary Public in and for the City and County of  
San Francisco, State of California.

(Acknowledgment of Service)

[Endorsed]: Filed June 27, 1941. [30]

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[Title of District Court and Cause.]

STIPULATION [31]

It is hereby stipulated by and between the respective counsel for the parties hereto that the photographs attached hereto Exhibits 2, 3, 4, 5 and 6\* are true and accurate photographs of a bag making machine manufactured and/or used and/or sold by the Defendants herein and which is alleged to in-

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\*[Printer's Note]: Omitted herefrom inasmuch as said Exhibits are identical to Exhibit 17, reproduced in Book of Exhibits.

fringe United States Letters Patent No. 2,094,594 in the Bill of Complaint herein.

PAUL D. FLEHR

Attorney for Plaintiff

September 6, 1940.

A. SCHAPP

Attorney for Defendants

September 6, 1940.

[Endorsed]: Filed Sept. 10, 1940. [32]

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[Title of District Court and Cause.]

ORDER [38]

The Plaintiff having moved this Court for an Order under Rule 34 for Discovery and Production of Things for Inspection and Copying, and

The Motion having been heard in open Court on Tuesday, September 10, 1940, both parties being represented by their respective counsel;

It is hereby ordered that the Defendants allow the Plaintiff to have made accurate and complete drawings of the bag making machine disclosed in the photographs, Exhibits 2, 3, 4, 5 and 6 attached to the Stipulation filed September 10, 1940, with the exception however of the following specific features:

1. The mechanism for cutting the end of the bag.

2. The gripping mechanism which delivers the complete bag from the machine.

3. The mechanism for feeding the cellophane from the roll to the machine.

The Plaintiff's Motion for an Order directing the Defendants to produce a bag making machine in Court at the time of trial is denied without prejudice however to Plaintiff's renewing the Motion should Plaintiff deem it necessary at a later date.

MICHAEL J. ROCHE

United States District Judge

Approved:

A. SCHAPP

Counsel for Defendants

Approved:

PAUL D. FLEHR

Counsel for Plaintiff

[Endorsed]: Filed Sept. 10, 1940. [39]

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[Title of District Court and Cause.]

### STIPULATION

It is hereby stipulated by and between counsel for the respective parties hereto that the "Plaintiff's Motion for Leave to Amend Plaintiff's Answer to Interrogatory 11" may be granted and that the attached "Amended Answer to Defendants' In-



terrogatory No. 11" may be entered and the same shall be considered as a part of "Plaintiff's Answer to Defendants' Interrogatories" filed June 3, 1940.

A. SCHAPP

Attorney for Defendants

October 11, 1940.

PAUL D. FLEHR

Attorney for Plaintiff

October 11, 1940. [40]

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[Title of District Court and Cause.]

AMENDED ANSWER TO DEFENDANTS'  
INTERROGATORY No. 11 [41]

Pursuant to Order of Court, Plaintiff amends his Answer to Defendants' Interrogatory 11 to read as follows:

As now advised, Plaintiff will rely on claims 2, 3, 5, 8, 11, 14, 18 and 19.

RENE J. GAUBERT

State of California,

City and County of San Francisco—ss.

Rene J. Gaubert, being duly sworn, deposes and says:

I am the Plaintiff above named. I have read the foregoing amended answer to Defendants' Interrogatory 11 and know the contents thereof, and the same is true of my own knowledge except as to the matters which are therein stated on information or

belief, and as to those matters, I believe it to be true.

RENE J. GAUBERT

Subscribed and sworn to before me this 11th day of October, 1940.

(Seal)

W. W. HEALEY

Notary Public in and for the City and County of  
San Francisco, State of California

[Endorsed]: Filed Oct. 12, 1940. [42]

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[Title of District Court and Cause.]

STIPULATION [43]

It is hereby stipulated by and between counsel for the Plaintiff, and counsel for the Defendants in the above-entitled case, subject to the approval of the Court, as follows:

Pursuant to the Order of the Court, granting the Defendants' Motion to Admit Further Evidence, it is stipulated that a certified copy of the complete File Wrapper in the Application for letters patent of the United States on a Bag-Making Machine, Serial Number 319,486, filed by Charles F. Schultz and Ira E. Schultz on February 17, 1940, together with copies of the patents cited by the Patent Office against the said application, may be filed by the Defendants in this Court as soon as it is received from the United States Patent Office;

That in the meantime, the Defendants will fur-

nish their office copies to the Plaintiff during such times as Plaintiff's counsel may be engaged in the preparation of his final reply brief, hereinafter referred to.

It is further stipulated that the Defendants shall have to and including the 20th day of December, 1940, to file their brief in reply to Plaintiff's brief on file herein, and that the Plaintiff shall have ten days thereafter, within which to file a final reply brief respecting points raised by the filing of the file wrapper in Defendants' Application.

Plaintiff reserves any and all rights and objections he may have with respect to the admission in evidence of the said file wrapper. [44]

Dated: December 9, '40.

A. SCHAPP

Attorney for Defendants

Dated: Dec. 9, 1940.

JOHN F. SWAIN

Attorney for Plaintiff

The foregoing Stipulation is approved, and it is so ordered.

MICHAEL J. ROCHE

Judge

[Endorsed]: Filed Dec. 10, 1940. [45]

[Title of District Court and Cause.]

### MEMORANDUM

Roche, District Judge:

This cause having been heretofore tried and submitted to the Court for consideration and decision, the Court, after due consideration finds that the claims at issue, set forth in the invention of Plaintiff, are invalid by reason of anticipation in earlier devices. It is therefore ordered that judgment be entered for defendant, upon preparation of findings of fact and conclusions of law. Each side will meet its own costs.

Dated January 31, 1941.

MICHAEL J. ROCHE

United States District Judge

[Endorsed]: Filed Jan. 31, 1941. [46]

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[Title of District Court and Cause.]

### FINDINGS OF FACT AND CONCLUSIONS OF LAW

The above-entitled cause having been tried in the 6th, 7th and 8th days of November, 1940, after due consideration, the Court enters the following findings of fact and Conclusions of Law, pursuant to Rule 52 of the Rules of Civil Procedure:

#### Findings of Fact

1. The Plaintiff, Rene J. Gaubert, is a resident of the City of Oakland, State of California, and maintains a place of business in Oakland, Cali-

fornia, under the fictitious name and style of Simplex Wrapping Machine Company.

2. The Defendants, Charles F. Schultz and Ira E. Schultz are individuals residing within the Northern District of California, Southern Division.

3. The Defendant, Schultz Food Company, was, prior to the commencement of this action, a partnership composed of Defendants, Charles F. Schultz and Ira E. Schultz, and had a regular and established place of business at Oakland, California, within the Northern District of California, Southern Division.

4. The Defendant, George Koster is an individual doing business under the fictitious name and style of Koster Candy Company, and has a place of business at Oakland, California, within the Northern District of California, Southern Division.

5. This cause is a civil action for infringement of United States letters patent, No. 2,094,594, and the jurisdiction of this Court depends upon the Patent Laws of the United States. [47]

6. On October 5th, 1937, United States letters patent, No. 2,094,594 issued to the Plaintiff on a Bag Making Machine and Method, and Plaintiff since that date has been, and now is, the owner of the said letters patent.

7. The Defendants, Charles F. Schultz and Ira E. Schultz, doing business as co-partners under the name of Schultz Food Company, have, within the last six years preceding the commencement of this action, manufactured, used and sold bag making



machines of the type exemplified by Defendants' Exhibit A.

8. The Defendant, George Koster, has, within the last six years preceding the commencement of this action, used a bag making machine of the type exemplified by Defendants' Exhibit A.

9. Plaintiff has placed in issue Claims 2, 3, 5, 8, 14, 18 and 19 of his Patent No. 2,094,594.

10. Plaintiff's patented machine is intended for the manufacture of bags from moisture-proof sheet "Cellophane", which is adapted to be sealed along the seams by the mere application of heat under pressure. It is semi-automatic in character and requires the attendance of an operator who feeds each sheet individually, then depresses a foot-level which sets in motion a cycle of operations for forming the sheet into a bag, and thereupon manually removes the bag.

As defined in Claim 2, which was the principal claim under discussion during the trial, Plaintiff's machine comprises:

1. a frame forming an operating table,
2. a plate-like mandrel movably secured to said table, whereby a sheet of said material can be placed between one side of the mandrel and the table,
3. means for folding the side margins of the sheet over the side edges of the mandrel;
4. means for folding a projecting end margin of the sheet over one end edge of the mandrel,
5. means for applying a heated surface under pressure to overlapping portions of the side mar-



gins and to the end margin along an area where the end margin overlaps the side margins. [48]

Claims 5, 8, 14, 18 and 19 are drawn substantially to the same subject-matter, stressing the points that the margins fold through angles of substantially  $180^{\circ}$ , that the overlap area formed is T-shaped, and that the heater to be used is also T-shaped, and Claim 3 add the limitation of a retractable fold-line retaining means adapted to be interposed within the end fold.

11. Bag making machines were shown and described, more than two years prior to the filing date of Plaintiff's patent in the following United States Patents:

Patent Number	Patentee	Date
135,275	Hotchkiss	Jan. 28, 1875
251,402	Beyer	Dec. 27, 1881
515,121	Hunt	Feb. 20, 1894
1,020,821	Hesser	Mar. 19, 1912
1,368,633	Johnson	Feb. 15, 1921
1,703,723	Corse	Feb. 26, 1929
1,780,142	Becker	Oct. 28, 1930

12. All the claims in issue are anticipated by the above patents, and fail to define invention in view of the said patents.

13. The Beyer Patent is intended for use in connection with sheet paper; it comprises a frame forming an operating table, a plate-like mandrel movably secured to said table, whereby a sheet of the material may be placed between one side of the mandrel and the table; it further provides means for folding the side margins of the sheet over the side edges of the mandrel, means for fold-

ing a projecting end margin of the sheet over one end margin of the sheet over one end edge of the mandrel; and finally it provides means for applying glue to the edges to be sealed and pressure means for bonding the overlapping edges. The side and end margins are folded through angles of substantially 180°, and the overlapping portions of the margins form a T-shaped sealing area. [49]

The Plaintiff's machine is intended for use in connection with moisture-proof "Cellophane", which has the property of becoming adhesive under heat treatment, and Plaintiff, therefore, substitutes heat sealing for the glue sealing of Beyer. But the art of heat sealing of bags is described in the Patent to Hunt in connection with waxed paper, and again in the Patent to Becker in connection with moisture-proof "Cellophane" of the same type as used in Plaintiff's patent. In view of these prior patents, it did not amount to invention to apply the Hunt and Becker ideas of heat sealing to the Beyer machine.

In folding the margins of his sheet over the mandrel, the Plaintiff arrives at a longitudinal seam and a transverse bottom seam, the two seams being referred to as a T-shaped seam area, lying in a single plane. The same T-shaped seam is found in the Beyer Patent. The Plaintiff provides a "similarly shaped" heater for sealing the entire seam in one operation. There is no inventive concept in providing a T-shaped heater, nor in providing a heater shaped similarly to the surface to be heated, particularly in view of the Patent to Hunt, which

plainly teaches the application of a heater shaped similarly to the surface to be heated.

Claim 3 calls for a retractable fold-line retaining means adapted to be interposed within the end fold. There is no invention broadly in the use of a retractable fold line retaining means where desired.

### Conclusions of Law

1. The Court has jurisdiction of the cause of action set out in the Bill of Complaint.

2. The Court has jurisdiction of the parties.

3. The claims 2, 3, 5, 8, 14, 18 and 19 of the Plaintiff's patent are invalid by reason of anticipation. [50]

4. The Plaintiff and the Defendants shall meet their respective costs and assessments herein.

5. The Defendants are entitled to a Decree dismissing the Bill.

MICHAEL J. ROCHE

United States District Judge

Receipt of a copy of the foregoing Revised Findings of Fact and Conclusions of Law, admitted this 6th day of March, 1941.

PAUL D. FLEHR

Attorneys for Plaintiff

[Endorsed]: Filed Mar. 6, 1941. [51]

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[Title of District Court and Cause.]

### FINAL JUDGMENT

This cause having come on to be heard before this Court, and having been fully tried upon tes-

timony offered in open Court, and the Plaintiff and the Defendants by their respective counsel having thereafter submitted briefs and the cause having been submitted to the Court, and the same having been duly considered

It is hereby ordered, adjudged and decreed:

1.

The Court has jurisdiction of the cause of action set out in the Complaint.

2.

The Court has jurisdiction of the parties.

3.

The Claims 2, 3, 5, 8, 14, 18 and 19, of the Plaintiff's Patent are invalid by reason of anticipation.

4.

The Plaintiff and the Defendants shall meet their respective costs and assessments herein.

5.

The Plaintiff's Bill of Complaint stands dismissed with prejudice.

Dated: This 13th day of March, 1941.

MICHAEL J. ROCHE

United States District Judge

Approved as to form:

PAUL D. FLEHR

Attorney for Plaintiff

[Endorsed]: Filed Mar. 13, 1941. [52]

[Title of District Court and Cause.]

ORDER OF SUBSTITUTION OF  
PARTIES PLAINTIFF [53]

Whereas, Rene J. Gaubert is the Plaintiff herein; and

Whereas, Rene J. Gaubert was at all times during the pendency of the above entitled action and until May 17, 1941, the owner of United States Letters Patent No. 2,094,594, the Letters Patent in suit; and

Whereas, on May 17, 1941, said Rene J. Gaubert did sell, assign and convey the entire right, title and interest in and to said United States Letters Patent No. 2,094,594, together with all causes of action for the recovery of damages or profits on account of infringement of the same, to Simplex Wrapping Machine Co., a corporation of the State of California, having a place of business in Oakland, California;

Now, therefore, it is hereby ordered that Simplex Wrapping Machine Co. be substituted for Rene J. Gaubert as Plaintiff.

June 6, 1941.

MICHAEL J. ROCHE

United States District Judge

It is hereby stipulated by counsel for Defendants that said Simplex Wrapping Machine Co. may be substituted for Rene J. Gaubert as Plaintiff.

A. SCHAPP

Attorney for Defendants

[Endorsed]: Filed June 6, 1941. [54]



[Title of District Court and Cause.]

NOTICE OF APPEAL TO CIRCUIT COURT  
OF APPEALS UNDER RULE 73B

Notice is hereby given that Simplex Wrapping Machine Co., Plaintiff-Appellant, above named, hereby appeals to the Circuit Court of Appeals of the Ninth Circuit from the final judgment entered in this action on March 14, 1941.

PAUL D. FLEHR

Attorney for Simplex Wrapping  
Machine Co. (substituted for Rene  
J. Gaubert)

[Endorsed]: Filed June 10, 1941. [55]

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The premium charged for this bond is Ten Dollars per annum.

[Title of District Court and Cause.]

UNDERTAKING FOR COSTS ON APPEAL

Whereas, Simplex Wrapping Machine Co., Plaintiff and appellant in the above entitled action, has appealed to the United States Circuit Court of Appeals for the Ninth Circuit, from a judgment made and entered against it in the United States District Court for the Northern District of California in favor of the Defendant in said action, on the 14 day of March, 1941; and

Whereas, the said appellant is required to give an undertaking for costs on appeal as hereinafter conditioned.



Now, therefore, Fireman's Fund Indemnity Company, of San Francisco, California, in consideration of the premises, hereby undertakes on the part of the said appellant and acknowledges itself bound to the said Defendant in the sum of Two Hundred Fifty and no/100 Dollars (\$250.00) that the said appellant will pay all costs which may be adjudged against it on said appeal or on a dismissal thereof, not exceeding, however, the sum of Two Hundred Fifty and no/100 Dollars (\$250.00).

It is further stipulated as a part of the foregoing undertaking that in case of the breach of any condition thereof, the above entitled District Court may, upon notice to the Surety of not less than 10 days, proceed summarily in said proceedings to ascertain the amount which the said surety is bound to pay on account of such breach and render judgment therefor against the said surety and award execution thereof. [56]

Signed, sealed and dated this 9th day of June, 1941.

(Seal) FIREMAN'S FUND INDEMNITY  
COMPANY

By F. J. CRISP

Attorney-in-Fact

(Acknowledgment of F. J. Crisp)

[Endorsed]: Filed Jun. 10, 1941. [57]

[Title of District Court and Cause.]

STATEMENT OF POINTS UPON WHICH  
APPELLANT RELIES ON THE APPEAL

[58]

Now comes the Appellant, and specifies the following points upon which it intends to rely upon its appeal to the United States Circuit Court of Appeals for the Ninth Circuit from the Judgment made and entered by this Honorable Court on the fourteenth day of March, dismissing the Bill of Complaint against the Defendant:

1. The Court erred in dismissing the Bill of Complaint.

2. The Court erred in not granting against said Defendants, and each thereof, the injunction prayed for in the Bill of Complaint.

3. The Court erred in finding or adjudging that claims 2, 3, 5, 8, 14, 18 and 19 of United States Letters Patent No. 2,094,594 were invalid by reason of anticipation.

4. The Court erred in finding or adjudging that claims 2, 3, 5, 8, 14, 18 and 19 of United States Letters Patent No. 2,094,594 fail to define invention in view of the prior art.

5. The Court erred in not finding or adjudging that claims 2, 3, 5, 8, 14, 18 and 19 of United States Letters Patent No. 2,094,594 were valid.

6. The Court erred in finding or adjudging that:

The Beyer Patent is intended for use in connection with sheet paper; it comprises a frame

forming an operating table, a plate-like mandrel movably secured to said table, whereby a sheet of the material may be placed between one side of the mandrel and the table; it further provides means for folding the side margins of the sheet over the side edges of the mandrel, means for folding a projecting end margin of the sheet over one end edge of the mandrel; and finally it provides means for applying glue to the edges to be sealed and pressure means for bonding the overlapping edges. The side and end margins are folded through angles of [59] substantially  $180^{\circ}$ , and the overlapping portions of the margins form a T-shaped sealing area.

The Plaintiff's machine is intended for use in connection with moisture-proof "Cellophane", which has the property of becoming adhesive under heat treatment, and Plaintiff, therefore, substitutes heat sealing for the glue sealing of Beyer. But the art of heat sealing of bags is described in the patent to Hunt in connection with waxed paper, and again in the Patent to Becker in connection with moisture-proof "Cellophane" of the same type as used in Plaintiff's patent. In view of these prior patents, it did not amount to invention to apply the Hunt and Becker ideas of heat sealing to the Beyer machine.

In folding the margins of his sheet over the mandrel, the Plaintiff arrives at a longitudinal

seam and a transverse bottom seam, the two seams being referred to as a T-shaped seam area, lying in a single plane. The same T-shaped seam is found in the Beyer Patent. The Plaintiff provides a "similarly shaped" heater for sealing the entire seam in one operation. There is no inventive concept in providing a T-shaped heater, nor in providing a heater shaped similarly to the surface to be heated, particularly in view of the Patent to Hunt, which plainly teaches the application of a heater shaped similarly to the surface to be heated.

Claim 3 calls for a retractable fold-line retaining means adapted to be interposed within the end fold. There is no invention broadly in the use of a retractable fold line retaining means where desired. [60]

7. The Court erred in not finding or adjudging that the Defendants and each thereof had infringed United States Letters Patent No. 2,094,594 and claims 2, 3, 5, 8, 14, 18 and 19 thereof.

8. The Court erred in finding or adjudging that the parties should meet their respective costs.

9. The Court erred in not finding or adjudging that the Plaintiff should recover its costs and disbursements herein.

Wherefore, the Plaintiff prays that the decree entered herein on the fourteenth day of March, 1941, be reversed and that a decree be entered in

accordance with the prayers of the Bill of Complaint herein, with costs to Plaintiff.

PAUL D. FLEHR

Attorney for Plaintiff-Appellant

Dated: June 30, 1941.

Receipt of a copy of the above Statement of Points Upon Which Appellant Relies On the Appeal is hereby acknowledged this 30th day of June, 1941.

A. SCHAPP

Attorney for Defendants

[Endorsed]: Filed June 30, 1941. [61]

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[Title of District Court and Cause.]

DESIGNATION OF CONTENTS OF RECORD  
ON APPEAL

The Appellant, pursuant to Rule 75 of the Rules of Civil Procedure designates the following portions of the record, proceedings and evidence to be contained in the record on appeal: [64]

1. Bill of Complaint.
2. Answer.
3. Stipulation dated September 6, 1940.
4. Plaintiff's Interrogatories filed May 28, 1940.
5. Defendants' Answers to Interrogatories filed June 11, 1940.

6. Order filed September 10, 1940.
7. Memorandum dated January 31, 1941.
8. Findings of Fact and Conclusions of Law (as approved by Court).
9. Final Judgment.
10. Order of Substitution of Parties-Plaintiff.
11. Notice of Appeal.
12. Bond on Appeal.
13. Reporter's transcript of the testimony taken on behalf of the Plaintiff and Defendants at the trial of the cause on November 6, 7, and 8, 1940.
14. All of the exhibits introduced in evidence by both parties to the cause.
15. Statement of the points upon which Appellant relies on the Appeal.
16. Order allowing withdrawal of original Reporter's transcript and exhibits.
17. Designation of contents of Record on appeal.

PAUL D. FLEHR

Attorney for Plaintiff-Appellant

Dated: June 30, 1941.

Receipt of a copy of the above Designation of Contents of Record on Appeal is hereby acknowledged this 30th day of June, 1941.

A. SCHAPP

Attorney for Defendants.

[Endorsed]: Filed June 30, 1941. [65]



[Title of District Court and Cause.]

DESIGNATION OF ADDITIONAL CONTENTS  
OF RECORD ON APPEAL

The Appellee, pursuant to Rule 75 of the Rules of Civil Procedure, designates the following portions of the record, proceedings and evidence to be contained in the Record on Appeal:

1. Defendants' Interrogatories, dated May 18th, 1940;
2. Plaintiff's Answers to Defendants' Interrogatories of June 3rd, 1940;
3. Plaintiff's Answer to Defendants' Interrogatories of June 27th, 1940; and
4. Stipulation re Filed Wrapper of December 9th, 1940;
5. Amended answer to Defendants' Interrogatory No. 11.

A. SCHAPP

Attorney for Defendants-  
Appellee.

Dated: June 9, 1941.

(Acknowledgment of service)

[Endorsed]: Filed July 9, 1941. [66]

District Court of the United States  
Northern District of California

CERTIFICATE OF CLERK TO TRANSCRIPT  
OF RECORD ON APPEAL

I, Walter B. Maling, Clerk of the District Court of the United States, for the Northern District of California, do hereby certify that the foregoing 66 pages, numbered from 1 to 66, inclusive, contain a full, true and correct transcript of the records and proceedings in the cause entitled Simplex Wrapping Machine Co., Plaintiff, vs. Charles F. Schultz, an individual, et al, Defendants. No. 21514-R., as the same now remain on file and of record in my office.

I further certify that the cost of preparing and certifying the foregoing transcript of record on appeal is the sum of Twenty dollars and fifty-five cents (\$20.55) and that the said amount has been paid to me by the Attorney for the appellant herein.

In witness whereof, I have hereunto set my hand and affixed the seal of said District Court at San Francisco, California, this 21st day of July, A. D. 1941.

(Seal)

WALTER B. MALING

Clerk

WM. J. CROSBY

Deputy Clerk [67]

[Title of District Court and Cause.]

TRANSCRIPT OF TESTIMONY

Wednesday, November 6, 1940.

Counsel Appearing:

For Plaintiff:

PAUL D. FLEHR, Esq.,

JOHN J. SWAIN, Esq.,

For Defendants:

A. SCHAPP, Esq.

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The Clerk: Gaubert v. Schultz.

Mr. Flehr: Your Honor, this is a patent infringement case. The patent in suit is issued to Rene Gaubert. It is patent No. 2,094,594, granted October 5, 1937, for a bag-making machine and method. I have a copy of the patent here for the Court. (Handing document to the Court.)

Now, the plaintiff in the suit is the same patentee, Mr. Rene Gaubert, and he is doing business as the Simplex Wrapping Machine Company, of Oakland, California. The defendants are Charles F. Schultz and Ira E. Schultz, doing business as co-partners under the name of Schultz Food Company, of Oakland. In addition to those defendants we have the defendants George Koster, doing business as Koster Candy Company, of Oakland. [68]

The two Schultzes, that is, the Schultz Food Company, are charged with the making, using and selling of the infringed machines and the defendant George Koster is charged with the using of the machine.

Now, your Honor will probably recall that cellophane appeared upon the market some years ago, and was immediately introduced into the merchandising field for the wrapping of various packages and various products. Now, the cellophane that was first put upon the market was what was termed a plain cellophane, and later so-called moisture-proof cellophane was placed upon the market. Now, plain cellophane looks like moisture-proof cellophane, but the two have different properties. The plain cellophane is not moisture-proof; that is, the moisture from the atmosphere can pass through it. The moisture-proof cellophane has a very thin coating of moisture-proof material on the surface of it, and that resists the penetration of moisture. Another distinction between plain and moisture-proof cellophane is that if you take two layers of plain cellophane and apply heat there is no tendency for them to stick together, but if you take moisture-proof cellophane and overlap two layers and apply heat and pressure there is a seam, and by that process you can form a bond between the two overlaps.

Now, Mr. Gaubert made his invention in 1934, and at that time the food industry had a very particular problem in packing their products. They wanted a moisture-proof wrapping for things like popcorn, cookies, and so forth, to protect their products. At that time there was available to the food industry what is called a half cellophane bag. I have one here (showing). You notice the back part is of translucent material and the front part

is cellophane. That is what is called a window-faced bag. [69] Now, there were companies making that bag and they were endeavoring to have the food manufacturers use it for the packaging of their products. Now, that bag had its disadvantages. In the first place, it wasn't as moisture-proof as it should have been. If you put cookies or popcorn in bags like that, in damp weather the moisture penetrates through the paper and spoils the products, and so they could not be sold all through the year, the sales were seasonal. Now, the large bag manufacturers also endeavored to sell to the trade what is called "All Cellophane Bag." By that I mean a bag completely of moisture-proof cellophane. At that time the edges of the sheet of material which was folded up to make the bag were glued together. Now, of course, that bag was better than the window type bag, but the difficulty was it was too expensive. This type of bag (indicating) is expensive enough, but it didn't meet the requirements, and as a result the food industry was looking for something to pack their products in moisture-proof containers. Another difficulty in the purchase of these bags was they had to maintain large inventories of different kinds of bags and different sizes of bags for different products. That made the entire matter practically impracticable to them.

Now, Mr. Gaubert found out in 1934 that the industry had this problem. He found out what they really wanted was a machine they could use in their own plants, a very simple machine which didn't cost



so much money, one which they could put into their establishment and put a girl on the machine and manufacture their own bags of moisture-proof cellophane. Certain individuals in the industry told Mr. Gaubert about this thing. He investigated and found out there was a real need for the machine. At that time Mr. Gaubert was familiar with the cellophane industry [70] because he was manufacturing a machine for wrapping pies and cakes with moisture-proof cellophane. That machine was successful, although it had a limited demand. So he set about to see what he could do about supplying the industry with a machine for making their own bags. So shortly he produced a rather crude hand model. I have it over here (indicating), a rather crude device. We will demonstrate it later on in the case, but this is the device that Mr. Gaubert made first to have it shown manually, and he was successful in making bags that the trade wanted, and he showed those bags to the trade, and they were quite pleased with them, they said, "If you can show us a machine we can use to make bags like those we will buy a machine. So he worked extensively on the problem to make the machine into a practical, workable device. So in 1935 he made up a commercial machine, which I have here—he made up this commercial machine—now, this is not the first commercial machine that he made, but this is one he manufactured for several years after making up the first one. He made some changes in it after the first one was put upon the market. As I say,



he made up the first ones in 1935, and the circumstances surrounding the acceptance of that by the trade was remarkable. He delivered the first one to the Hostess Cake Company, and they were quite delighted with the machine. In fact, they had never seen the machine before, the machine was delivered in the morning, and they knew the machine was coming, and they had hired this girl to run the machine, and in the same morning Mr. Gaubert was able to train that girl to operate the machine, and left the plant, and the girl continued to work at that plant for several years making bags on that machine. They bought additional machines and Mr. Gaubert naturally went into the manufacture and sale of these machines. [71] That machine is quite similar to what is shown in the Gaubert patent.

Now, more recently Mr. Gaubert has put out a machine which is more elaborate than this machine, and which I have here (indicating). I won't attempt to go into the ramifications of these machines now, but, briefly, in this machine (indicating) the paper is fed into the machine by hand, that is, the cellophane and the bag, after being completed, the bag is taken out by hand. In this machine the cellophane feeds continuously through the machine automatically, and the bags are discharged from the machine automatically.

The Court: Sealed?

Mr. Flehr: Sealed, yes. The sealing operation, your Honor, is carried on by this, here (indicating)—it seems to be warm—and I might say briefly if

you are interested at this point that in this machine the sheet of cellophane as it comes off this roll it is cut, and then a sheet of cellophane is placed upon this blade, which we call a mandrel, and after it comes off that blade there is a foot pedal which is pressed, and then the machine starts automatically the cycle. There are folding elements which form a longitudinal seam, and there is a folding mechanism which folds over the mandrel, and then there is a T-shaped heating element comes down, and in one operation it folds both the longitudinal and lateral seams, and then the folding elements get out of the way and the heater comes up, and then you can simply take off the finished bag from the mandrel. I have one of the bags made on the Gaubert machine here (producing). This bag happens to be one that is printed, but otherwise it will give you some idea.

Now, these bags made by Mr. Gaubert's machine, as I say, [72] were satisfactory to the industry. They were able to take these bags and put their popcorn, cookies, candies and things of that sort in those bags, and have them so they could resist a damp climate like in San Francisco, and, for example, they could have fresh popcorn in those sacks.

Now, the defendant has put his machine on the market fairly recently——

The Court: Fix the time, if you can.

Mr. Flehr: Pardon me?

The Court: Fix the time, if you can.

Mr. Flehr: I am not positive as to the marketing of the defendants' machine.

Mr. Schapp: When did you put your machine on the market?

Mr. Charles Schultz: About in August, 1937.

The Court: All right. Keep in mind your record of what you expect to prove, so counsel can have an opportunity to answer.

Mr. Flehr: Defendant designed his machine, manufactured his machine with full knowledge of the plaintiff's machine. In fact, the evidence will show defendant purchased two of Mr. Gaubert's machines and used those machines very successfully. Now, at first the defendants were simply manufacturing a food product, and they wanted to buy Mr. Gaubert's machine, and they did buy it, to make up their own bag requirements for the purposes of packaging defendant's food products in bags made upon Mr. Gaubert's machine. Subsequently it seems they decided to go into the bag business, themselves, and subsequent to that it appears they decided to manufacture a machine of their own instead of buying any more machines from Mr. Gaubert, so they did manufacture this machine, and then went into the machine business instead of staying in the food business or the bag business. Now, this is the [73] Schultz machine here, your Honor (indicating). I won't attempt to describe it. It produces a bag which is identical to the bag I gave you there. It has some differences from this machine, which I will point out later. I might say this is a machine

of the full automatic type, in that the paper is fed continuously and the bags are taken out automatically.

Now, the patent in suit—we are relying on claims 2, 3, 5, 8, 11, 14, and 18. Now, those claims, with the exception of Claim 14, are apparatus claims, that is, they are drawn to elements of the machine used in combination in the machine. Claim 14 is a method claim, drawn upon the steps of operation used in folding the cellophane and in effecting the heat seal. Now, as to Claim 11, I want to say frankly that my view on Claim 11 is uncertain, because I have seen several of Mr. Schultz's machines and they differ in so far as the features are concerned to which Claim 11 is applicable, so I may at a later time ask for the withdrawal of that claim, depending upon what evidence is drawn out here.

I think I will show very conclusively, your Honor, that these elements of the claims in suit read directly upon and all those elements are found on the Schultz machine, and all the elements of the Schultz machine are equivalent to the Gaubert patent, or the Gaubert machine we have here.

Now, I think your Honor will appreciate from what I have said and what we will produce upon the trial that this is not a gadget, or a tricky formula, or something nebulous. It is something tangible. This man has done something, he has made a contribution to the art. We are not asking this Court to stretch what is claimed in the patent, and we feel we are simply asking for an interpretation

of this patent which was exactly what [74] the Patent Office intended when this patent was granted.

Mr. Schapp: Now, may I make a statement? [75]

### OPENING STATEMENT FOR THE DEFENDANTS

Mr. Schapp: If your Honor please, the patent in issue, as your Honor has been advised, relates to a machine for making bags from sheet cellophane. Bag-making machines have been made for a long time—as a matter of fact, one bag-making machine working on somewhat similar procedure was patented as early as 1873, the same skill——

The Court: Using cellophane?

Mr. Schapp: No, not cellophane, no. The only difference between those old machines and the new machines was that the old machines worked on paper, whereas the new machine works on cellophane, and the difference is principally that paper requires glue for sealing, whereas this cellophane can be heat-sealed by the mere application of heat and pressure.

Now, plaintiff does not claim to be the inventor of cellophane, nor does plaintiff claim that he is the discoverer of the fact that cellophane could be heat-sealed.

Nor was plaintiff really the first one to apply heat treatment to cellophane, because that also had been done before. Particularly, it had been applied a long time ago in connection with wax paper, which also responds to heat treatment in the same manner



as cellophane. In organizing his machine plaintiff follows old and established practices and methods. He uses sheet cellophane—that is, he cuts cellophane or whatever his material is into sheets which conform in size to the shape of the individual bag. Then he produces a flat table in his machine and places the sheet material on the flat table, then he places a mandrel on the center of the sheet, folds over one side, then he folds over the other side, then he folds over the free end over the mandrel so he has a longitudinal seam and a vertical seam [76] which he calls a T-shaped seam. After he has his T-shaped seam then he uses a heater—a heating element, which is the same form as the seam, and which is also T-shaped, so when it comes down on the T-shaped seam it seals it in one single operation.

Now, the T-shaped heater is probably the crux of the present controversy, and forms a part of most of the claims in issue. Originally it was the sole issue, although since then plaintiff has added some claims to it, which brings different issues into the case.

Now, a prototype of this particular machine was invented as early as 1881, and was patented by an inventor by the name of Beyer. The Beyer patent will be produced in evidence. Now, the sole difference between the Beyer patent and the plaintiff's patent is that the Beyer patent works with ordinary paper, whereas the plaintiff's patent uses cellophane—glue treatment on the one hand and heat



treatment on the other hand—but in the particular procedures the patents are exactly the same. That is, he cuts his paper to form one bag and he provides a flat table and he places the individual sheet on the flat table and uses a mandrel by which he folds over one side and folds over the other side and pulls it over the end, so he has a T-shaped seam, and he applies the glue and applies pressure for setting the glue—of course, the pressure must be T-shaped, somewhat, because otherwise it wouldn't press a T-shaped seam, although the pressure area is somewhat large and covers the entire bag.

Now, we claim, in view of the Beyer patent, which shows the same method of making a T-shaped seam and the same method of applying pressure to seal the seam,—the cellophane calling for heat treatment instead of glue,—there is no room for invention to apply the Beyer patent to cellophane. [77] Of course, your Honor, there can be no patent on the T-shape, as plaintiff did not invent the “T”. If anybody could get any patent on the T-shape somebody could get a patent on the Y-shape, and another a patent on the X-shape, and so on through the alphabet. That idea is to preposterous to even be worth arguing.

If there is any invention, it must lie in the idea of applying a heater or heat surface which corresponds to the shape of the seam, so that it will perform the sealing of the seam in a single operation. But this idea, again, is not new, your Honor. This

idea was disclosed as early as 1894—that is some 45 years ago—in the Hunt patent, which will also be introduced in evidence. But at that time they didn't have cellophane, they didn't know about cellophane, but in the Hunt patent wax paper was used, and wax papers respond to heat treatment somewhat in the same manner as cellophane. In this particular patent the inventor proposes to make a square bag instead of a flat bag. To do that he uses a square block and he takes a pre-formed sheet of paper and he winds it around the edges of the square block, then he folds over the projecting ends so as to form a top seam, then he uses a single heater which he applies around both of those portions, around the vertical seam and the lateral seam, in a way that forms a seam, and he performs the sealing in one operation. Of course, this arrangement is at right angles and the heater is arranged to form an L form in a side view, but still if you will look at it in another view it is a T-shaped heater, and it looks exactly like plaintiff's heater. As a matter of fact, it could be used on plaintiff's heater—I mean bodily transferred, with some minor changes.

[78]

Now, we claim again that in view of the Beyer patent, which shows the entire operation of forming the T-shaped seam, and in view of the Hunt patent, which not only discloses heat sealing, but a T-shaped seam, that there cannot be any invention in applying Beyer or Hunt's heater to the Gaubert machine, and both of which were invented sixty and forty years ago.

As far as the question of infringement is concerned, we will show, or we will attempt to show, your Honor, that the machines are radically different. Now, I gather from the machines that are presented here by plaintiff, that plaintiff is trying to convey the idea that all these three machines are the machines in issue. They are not. This machine and that machine (indicating) are later developments. They are not included in the original patent. They are merely introduced for the purpose—probably at least—of showing that the original machine which is actually shown in the patent could be changed partly by following the teachings in the defendant's machine and accomplishing what defendant's machine accomplishes. The principal difference between the two machines—that is, the patented machine and the defendant's machine—is that the patented machine is only semi-automatic——

The Court: Pardon me for an inquiry at this time.

Mr. Schapp: I beg your pardon, your Honor?

The Court: Pardon me for an inquiry at this time. Which one of your machines does your client have?

Mr. Schapp: This is our machine (indicating).

The Court: No, which one of the machines did he first have?

Mr. Schapp: This is the machine he first—(indicating)——

Mr. Flehr: No, Mr. Schapp, this is the machine you had (indicating). This is the one that corre

sponds to the patent, [79] your Honor, the commercial machine, not the crude model over there (indicating).

Mr. Schapp: The patent is only for the arrangement of the feeding——

The Court: I didn't ask what it shows, but I just wanted to know the first machine he had.

Mr. Schapp: Can you point that out?

Mr. Charles Schultz: We had a machine quite similar to this, without the sheeting device (indicating).

The Court: I just wanted to identify it. Proceed.

Mr. Schapp: The patented machine is semi-automatic in operation, that is, it requires the stacking of sheets on the machine, the operator takes one of the sheets, presses the mandrel and performs the sealing operation, and takes off the bag. The machine requires continuous operation. The defendant's machine is fully automatic, the paper feeds from a roll continuously and doesn't require the continuous attendance of the operator. As stated before, Plaintiff's machine works on pre-formed sheets and each claim in the patent contains that limitation "sheet". Now, there may be some dispute as to what "sheet" means, whether it means a pre-formed sheet or whether it means a long sheet coming from a roll. It is a subject of argument, but we contend that the claim—that all of the claims of plaintiff are avoided by the defendant's machine, because all the claims of plaintiff's patent call

for sheet material, which we interpret as material calling for sheets that have been cut.

The Court: Pardon me a minute.

(A brief recess was taken.)

Mr. Schapp: If your Honor please, I understand from a brief conversation with counsel and with my own clients, that [80] neither one of these two machines actually represents what is shown in the patent, and neither one of those two machines is actually the machine that Mr. Schultz had when he developed his own machine. It must have been some sort of intermediate development.

Mr. Flehr: The fact is it corresponds quite closely with what is shown in the patent.

The Court: Well, that can be developed later. I just wanted to follow it generally.

Mr. Schapp: Very well, your Honor.

Now, on the question of infringement, apart from this claim on pre-formed sheets, most of the machines call for a table top upon which to place the paper. Our machine really doesn't need that table top.

The Court: Table top—what do you mean by "table top"?

Mr. Schapp: The table top would be this piece that you would place the sheet of paper on before the mandrel comes down (indicating). In Defendant's machine, which we will demonstrate later, that isn't placed on the table top, it doesn't need a table, unless by some stretch of the imagination you can call this a table (indicating), but as I say,



the table top is not an essential element of the machine, and your Honor will probably be unable to discover a table top in the defendant's machine. Plaintiff's claims—most of his claims, at least, also call for a movable mandrel. Now, mandrels, of course, have been used for paper bag machines ever since they started. We use a mandrel in our machine, but our mandrel is absolutely fixed, our mandrel is not moved and should be really absolutely fixed. As far as the T-shaped seam is concerned, of course we use the T-shaped seam as shown in prior patents, but one of the [81] claims, which seems to be one of the most important claims relied on by plaintiff, tries to protect the idea of the T-shaped seam plus the T-shaped heater, the very simple idea of those two elements put together. Now, while we use the T-shaped seam we claim we don't use a T-shaped heater, and though we use a heater that looks somewhat like a T, it really isn't if you go down to the final analysis of the device. The T-shaped heater used by the plaintiff is used to cover the seam, so his T in the heater looks like the T in the seam, covers the entire seam. The defendant doesn't use such a heater. They use two heating members that are spaced from one another, they are spaced from one another, and they couldn't perform the sealing in a single operation. As a matter of fact, defendant's device requires two operations to perform the actual sealing job,—though we have a single cycle there are two operations. And the two heaters are not interchange-



able. The plaintiff could not use the defendant's heater on his device, for certain structural reasons, neither could the defendants use the plaintiff's heater and make a good bag, because it would leave a portion of the bag unsealed. Furthermore, there is a slight difference in so far as the plaintiff's bag after it comes out of the machine, it leaves a slight imperfection which the defendants have overcome, and their bag comes out of the machine as a somewhat improved bag.

Now, we claim, to repeat, in the first place, since the plaintiff's patent is a Chinese copy of the Beyer patent, since the heater has been borrowed from the Hunt patent, and since the two machines are radically different in their entire operation, we claim that plaintiff cannot possibly call for a construction of their patent which would bring the defendant's machine within [82] the scope of the claims in issue.

Mr. Flehr: Mr. Gaubert.

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RENE GAUBERT,

called as a witness on behalf of Plaintiff; sworn.

The Clerk: Q. Will you state your name to the Court?

A. Rene Gaubert.

Mr. Schapp: Will your Honor permit me to sit in the jury box? My hearing is not so very good.

The Court: All right.

(Testimony of Rene Gaubert.)

Direct Examination

Mr. Flehr: Q. Mr. Gaubert, you are the inventor of the patent in suit? A. Yes, sir.

Q. And do you still own that patent?

A. Yes, sir.

The Court: Speak up so the Reporter can hear you.

Mr. Flehr: I offer in evidence at this time a copy of patent in suit, No. 2,094,594.

The Court: It will be admitted and marked.

Mr. Flehr: To be marked Plaintiff's Exhibit 1. (The patent was marked "Plaintiff's Exhibit 1.")

Mr. Flehr: Q. You do business under the name of Simplex Wrapping Machine Company?

A. Yes, sir.

Q. Your machines are known by that trade name, are they? A. Yes.

Q. Now, Mr. Gaubert, would you briefly outline your mechanical experience, please?

A. When I was fifteen years old I took the job of apprentice machinist, I went to work at the Union Gas Company in Oakland as an apprentice. Then I worked in the shops of the Caterpillar Tractor Company, and then in 1920 I went to [83] work at Johnson Gear Company, as toolmaker, and in the experimental department, Johnson Gear Company of Berkeley, California. I worked there ten years, until 1930.

Q. What is the nature of your training along the lines of engineering mechanics, apart from your actual shop experience?

(Testimony of Rene Gaubert.)

A. Due to the fact I was very interested at that time in the work I was doing, I took up mechanical drawing and engineering and I worked at night. In fact, I worked under the supervision of my uncle, who is an engineer.

Q. Can you give me the approximate date when you made the invention of the patent in suit, Mr. Gaubert?      A. 1934.

Q. What was your occupation at that time?

A. I was working in building wrapping machines that would handle cellophane, pie wrapping machines and cake wrapping machines.

Q. Was that your own business that you were operating at that time?      A. Yes.

Q. And the business that you went into after leaving the Johnson Gear Company?

A. That was the business I went to.

Q. Now, did that business bring you into contact with the food industry?

A. It certainly did. I was selling these machines in the food industry and I traveled all over the country in selling my machine. I came in contact with large concerns that would use my machines for wrapping their cakes in cellophane.

Q. Now, at that time how were the food companies packaging their products, like popcorn and cookies?

A. Well, cookies were packed in bags—they were packed in cellophane bags, some of them—a lot of them were packed in two-piece window bags, we used to call them.

(Testimony of Rene Gaubert.)

Q. Is that the bag that I am handing you?

A. That is right. That is the bag they were using. [84]

Mr. Flehr: I offer this window type cellophane bag in evidence.

The Court: It will be admitted next in order.

Mr. Flehr: To be marked "Plaintiff's Exhibit 2."

(The bag referred to was marked "Plaintiff's Exhibit 2.")

Mr. Flehr: Q. Now, referring again to this Plaintiff's Exhibit 2, will you state if there were any difficulties with that type of bag as far as the food industry was concerned?

A. Yes, there were. One main difficulty of it was the fact it was made out of two pieces of two different materials. Only just the front part of the bag was moisture-proof, and the back part was less moisture-proof. The reason for that, they were trying to keep the cost of the bag down to the minimum by using two materials, because cellophane is much more expensive than the other material. Another disadvantage was the fact that due to the reason they weren't as moisture-proof, and also on appearance, the salability of those packages were not as desirable as the full cellophane bags.

Q. Do you know by whom those bags were manufactured?

A. They were made by several machines.

Q. That is, who was supplying these bags to the food industry?

(Testimony of Rene Gaubert.)

A. I do know that Blake, Moffitt & Towne were supplying them, but they were made back East—I believe they were made back East.

Q. Were there any other bags available to the food industry at that time, that is, a cellophane bag?

A. Yes, there was. A full cellophane bag was available.

Q. Do you know how the seams were fastened together on the full cellophane bag?

A. Yes, they were glued together.

Q. Do you know the extent of use of the full cellophane bag at [85] the time by the industry?

A. Repeat that, please?

Q. I say, what was the extent of the use of the full cellophane bag?

A. It was very small because of the extreme cost of full cellophane bag. The industry could not uphold—that is, pay the premiums that had to be paid on the full cellophane bags and use them in the quantity they would use them for their food products, although they were very anxious to use the full cellophane bag.

Q. Now, when was this condition of the trade called to your attention?

A. It was called in 1934.

Q. By anyone in particular?

A. Yes. I was installing one of my cake-wrapping machines at the Hostess Cake Kitchen here in San Francisco, and the manager of the Hostess



(Testimony of Rene Gaubert.)

Cake Kitchen took me over in his office and he said he wanted to talk to me, and he impressed me with the fact that I should make a machine to make cellophane bags, because he wanted to use cellophane bags for his products, but he couldn't pay the fancy price. He also said if I could make the bags and seal them with heat I could then use the material I was using for those other products and that would be a great advantage.

Q. What was the name of that party?

A. Jack Goldie.

Q. Approximately what date was this?

A. I would say August, 1934.

Q. Then what did you do following your obtaining that information?

A. Well, I immediately was very interested. I became very curious to know how I could do such a job, and I proceeded in thinking about this first, and then I worked on the various means of doing this job, and made some drawings, and then I built the model that is here.

Q. Approximately how long did it take you to develop that model? [86]

A. It took me about two months.

Q. And this, you say, was the first model you produced?

A. That was the frame that I built first.

Mr. Flehr: I offer in evidence the model machine to which the witness has referred.

The Court: Identify it, Mr. Flehr. Is it patented?



(Testimony of Rene Gaubert.)

Mr. Flehr: It is patented by the subsequent patent, yes, but the patent didn't show that structure. We will call it the wooden model, to be marked Plaintiff's Exhibit 3.

The Court: Admitted and marked.

(The model was marked "Plaintiff's Exhibit 3.")

Mr. Flehr: Q. Now, following your making of that machine what did you do with it, Mr. Gaubert?

A. Well, I made some bags on the machine so that I could see whether I could produce bags in that manner with the machine that would be satisfactory. I took some of those bags to Mr. Jack Goldie and I submitted them to him, and he was very, very pleased with the fact that I could produce such a bag, although he hadn't seen the machine, and he particularly asked me to hurry and make the machine and bring it in his plant, that he was badly in need of it.

Q. Did you demonstrate that wooden model to anyone else?           A. Yes, I did.

Q. Will you name anyone that you showed the device to?

A. Well, I particularly remember one instance where a customer of mine came into my shop to also look at my wrapping machines, and at that time, after he was through looking over the machines—in fact, I got an order from him—he said I should build a bag-making machine also. He said that he was looking for such a type of machine, that the bags were extremely high, and that someone was going to put out a machine like that some

(Testimony of Rene Gaubert.)

day. I remember [87] he was very interested, and I told him to come in the back, that I had something I thought within his ideas, and I showed him this machine, here. In fact, he was so impressed by it he also gave me an order for a machine that I would furnish as soon as I could.

Q. What is the name of that party?

A. That was Mr. William Meders. He was manager of the Hostess Cake Kitchen in Oakland, California.

Q. Then following the making of that Plaintiff's Exhibit 3, what did you do after that?

A. Well, I remember I explained to Mr. Meders at the time that I wanted to go further than this particular hand model, that I wanted to have a motor-driven machine, and that I was going to work on what I thought would be a logical machine to sell to the trade these principles.

Q. Then you proceeded to develop a commercial machine? A. Yes.

Q. Do you recall approximately how long you worked on it?

A. I know I worked on it from that time up to the time I delivered the first machine, and I remember I delivered the first machine in June, 1935. So, from the time that I was showing this particular machine to Mr. Meders and the time I delivered the other one I was working very strenuously in building this particular model.

The Court: Q. What do you mean by "this particular model"?

(Testimony of Rene Gaubert.)

A. I mean the model disclosed by my application.

Mr. Flehr: Q. Now, you say you developed your first commercial machine, Mr. Gaubert. Will you tell me how this machine differed from this machine we have before us here?

A. It differs—in spite of the fact I have installed a roll of cellophane with an attachment that feeds the roll of cellophane and cuts it—it measures it and cuts it—in other respects it varies in very slight mechanical changes. For instance, the strength, and also for an additional amount of fold blades I put [88] in there, and also because it is driven with a motor—no, pardon me, I take that back—I made a mistake.

Mr. Flehr: Q. This machine we have here, Mr. Gaubert, does that correspond to the actual commercial model which you did manufacture and sell?

A. It does.

Q. Approximately over what period of time?

A. I would say this—you mean from the time I made——

Q. No, over what period of time did you manufacture and sell this machine here?

A. I would say about two years.

The Court: “This machine”?

Mr. Flehr: I am going to offer it in evidence.

The Court: Identify it for the record as you go along.

Mr. Flehr: Well, we will call it——

(Testimony of Rene Gaubert.)

The Court: Is the first patent on this machine?

Mr. Flehr: Yes. It isn't identical, however, with what is shown in the patent.

The Court: Identify it for the purpose of the record.

Mr. Flehr: We will call it the Commercial Simplex Machine with the cellophane roll attachment. I will offer that machine in evidence, the same to be marked Plaintiff's Exhibit 4.

Mr. Schapp: If your Honor please, may I make an objection at this time? I particularly made a request of counsel to offer the machine in evidence to-day as actually shown in the patent, to bring the machine that formed the basis of his patent application, and instead of doing that counsel for the plaintiff brings in another machine which has been changed considerably, and particularly which has been changed to look much more like the defendant's machine than the patented machine does.

The Court: Well, I take it the patented machine in suit is available and will be here soon? [89]

Mr. Flehr: I think there is a misunderstanding on that, your Honor. It is true this is not the first commercial machine from which the drawings were made on the application. I don't know if that is available or not, I will find out. This is a machine which was manufactured for several years by Mr. Gaubert, and he stated that to be substantially the same as the first machine, except for the minor changes——

(Testimony of Rene Gaubert.)

The Court: But there is a demand made by counsel for the patent in suit.

Mr. Schapp: This machine does not correctly represent the patent in suit.

The Court: Where is the patented machine?

Mr. Flehr: Let me explain again. We do consider this to be the patented machine. As I say, whenever commercial models are put out, from time to time it is customary for all manufacturers to improve it and get better operations.

Q. Now, Mr. Gaubert, do you have a machine corresponding to the first one you did manufacture?

A. This embodies all of the features.

The Court: Just a minute. Have you got the patented machine now?

A. Yes, sir.

Q. Have you got a duplicate of that?

A. Yes, sir.

Q. Is this the best duplicate you have got?

A. This is the duplicate of it, plus other things which were put on, which I can take off, if you wish, and make a duplicate of this.

The Court: What I am trying to get at, he has made a demand. Is the machine available?

Mr. Flehr: Q. Mr. Gaubert, the first machine you sold to the Hostess Company, is that available?

A. No, it is not available. I tore it down. [90]

The Court: All right.

Mr. Flehr: I will endeavor to find out, your Honor, if he has any machine available which we might say hasn't got some of these minor things on that Mr. Schapp is objecting to.



(Testimony of Rene Gaubert.)

The Court: What machine have you in mind?

Mr. Schapp: I have in mind the machine from which the Patent Office drawings were made.

The Court: Maybe they have improved it.

Mr. Schapp: Those improvements are not covered by the patent.

The Court: They say the machine is not available. I don't know how I can ask them to bring one in.

Mr. Schapp: I would like to ask the witness some questions on that.

The Court: Very well.

Mr. Schapp: Q. Mr. Gaubert, have you any machine available that looks exactly like the patented machine?

A. Not exactly. They all have all of the features that you see here in that machine on it, all except the feed roll mechanism, which I can take off.

Q. Is that the nearest machine to the one that the patent drawings were made from?

A. It is one of the nearest.

Q. It is one of the nearest?

A. It is the nearest I have to-day.

Q. Have you any machine which comes nearer to the patented machine than this one?

A. No, sir.

Q. Have you any machine which doesn't show the roll feed? A. No, sir.

Q. You have no machine in your possession?

A. No, because I took the roll feed and installed it on the machines I had built [91] just exactly like



(Testimony of Rene Gaubert.)

this. I took the roll feed and put them on these machines. Maybe Mr. Schultz has one of those machines. I told him the machine.

The Court: Q. Is that the best machine you have to conform to this patent, the one you sold to him?

A. I would say yes.

The Court: Well, proceed.

Mr. Flehr: Q. Now, you say you did manufacture this first commercial device you referred to, Mr. Gaubert, in 1935? A. Yes, sir.

Q. I don't recall, but did you say to whom you sold that first machine?

A. Yes, I sold it to the Hostess Cake Kitchen in San Francisco.

Q. And what can you say with respect to the use of that machine by the Hostess Company?

A. Repeat that, please?

Q. I say, do you know anything first hand about the use of that machine by the Hostess Company?

A. I do know that the first day I delivered it to them they put it in use, and in fact they had hired a girl to operate this machine, and I remember delivering the machine to them personally, and I remember them putting it in action—that is, I sat down and worked the machine, and then they asked me to let the girl do it, and I let the girl do it, and showed her how to operate the machine, after which I left them and they operated the machine from that day on. I remember also that Mr. Goldie was very im-

(Testimony of Rene Gaubert.)

pressed, and I remember some statements which he made, and one of them was to protect myself on the patent situation, and the second one was I would sell a whole lot of machines. In fact, he said he would help me in selling them, he was so pleased with the job I had done.

Mr. Flehr: Q. Now, after that did you make a sale of a machine to Mr. Meders?

A. The second machine was delivered to Mr. [92] Meders.

Q. Then did you go into the manufacture and sale of these machines on a commercial scale?

A. I did.

Q. What sort of a shop did you have at that time?

A. I had a very small shop. In fact, it was located in sort of a back yard,—wooden building in back of my home.

Q. Has your shop grown since that time?

A. Yes, sir.

Q. Then I understand from what you have said that subsequent to that first manufacturing and the first few sales you did make some changes to the machine? A. Yes, sir.

Q. Then this Plaintiff's Exhibit 4 represents the machine which you later manufactured and sold? A. That is right.

The Clerk: Is that in evidence, Mr. Flehr? Did you direct it be in evidence, your Honor?

Mr. Flehr: I thought I offered it in evidence

(Testimony of Rene Gaubert.)

and he made an objection, and I think——

The Court: To clear up the record, offer it.

Mr. Flehr: Yes. I offer in evidence the machine the witness has been testifying about, the machine being a commercial Simplex machine manufactured and sold by Mr. Gaubert, and having a top cellophane roll support.

Mr. Schapp: Objected to, your Honor, in view of the fact that that machine does not truly represent the patented machine, I object to the introduction of this as an exhibit as representing the patented machine.

The Court: Well, I gave you an opportunity to examine him and he stated that is the nearest he had to the patent machine, the only difference between the machine now is he has made some improvements on them.

Mr. Schapp: It is rather confusing, because these improve- [93] ments are the very improvements, or are some of them, that the defendants made.

The Court: Very well, you can develop that. It will be admitted and marked.

(The device referred to was marked "Plaintiff's Exhibit 4.")

Mr. Flehr: Q. Mr. Gaubert, I hand you a paper and ask you to identify it.

A. Yes. I received this letter on February 17, 1936, from the Schultz Food Company, signed by Mr. Charles F. Schultz.

(Testimony of Rene Gaubert.)

Mr. Flehr: Your Honor, I would like to read this letter to the Court.

Mr. Schapp: May I see it? (Receives.)

Mr. Flehr: Addressed to Simplex Wrapping Machine Company, 2437 E. 11th Street, Oakland, California, dated February 17, 1936, on the letter-head of Schultz Food Company:

#### PLAINTIFF'S EXHIBIT 5

“Dear Mr. Gaubert:

“The Bag Folding and Sealing machine which we purchased from you has improved the appearance of our package and made filling much easier. We have decided to make all of our own bags and ask that you please send us another machine, as soon as possible, for making square bottom bags of the following sizes:  $5\frac{1}{2}'' \times 11\frac{1}{2}''$ ,  $5\frac{3}{4}'' \times 11\frac{1}{2}''$ , and  $6'' \times 2''$ .

“Frankly, we were a little skeptical when we bought the first machine. The first day of operation changed our minds, for it has fulfilled all your claims and all our expectations. We are glad to recommend your machines to anyone who is interested in reducing bag costs.

“Yours most sincerely,

SCHULTZ FOOD COMPANY

(Signed) CHAS. F. SCHULTZ

Charles F. Schultz

Manager.” [94]

(Testimony of Rene Gaubert.)

I offer this letter in evidence, the same to be marked "Plaintiff's Exhibit 5."

The Court: It will be admitted and marked.

(The letter referred to was marked "Plaintiff's Exhibit 5.")

Mr. Flehr: Q. Mr. Gaubert, I believe you testified that you did make a sale to the Schultz Company. A. Yes, sir.

Q. That is referred to in that letter?

A. That is right.

Q. Subsequently, did you make a sale of another machine? A. Yes.

Q. Do you recall the approximate date of the sale of the second machine?

A. No, I don't. It must have been very close to the date of the letter, because this was actually an order for another machine.

Q. Mr. Gaubert, can you tell me approximately how many bag-making machines you have manufactured and sold? A. Yes, I can.

Q. Over the period of time that you have been manufacturing?

A. In 1935 I sold eight machines. In 1936—probably I have to look at the memorandum, here, it is kind of difficult to remember—in 1935 I sold eight machines; in 1936 I sold eleven machines; in 1937 I sold twenty-nine machines; in 1938 I sold forty-nine machines; in 1939 I sold 27 machines; and in 1940 I sold three of them.

Q. That is, three machines of what type, Mr. Gaubert? A. Of this type.



(Testimony of Rene Gaubert.)

Q. Plaintiff's Exhibit 4? A. That is right.

Q. You did sell additional machines in 1940 of another type? A. Yes, sir.

Q. What type was that?

A. They were an automatic machine that I had built in 1940, and which is over there (indicating).

Q. And that is the machine that I am referring to here? A. That is right.

Mr. Flehr: I offer in evidence the last machine that the [95] witness has referred to, the same to be referred to as the all automatic machine, and to be marked Plaintiff's Exhibit 6.

Mr. Schapp: That is objected to, your Honor, because that machine absolutely is a later development, and does not seem to have anything to do with the patent. The plaintiff has, himself, stated that he didn't bring out this machine until very recently, and the patent is three years old, so that could not possibly have any bearing on the patent situation. I object to it as being absolutely immaterial and irrelevant to the issues in suit.

Mr. Flehr: I am simply putting it in evidence as a commercial success. We will later show that this machine does incorporate the invention of the patent. If you wish, I can introduce it for the purposes of identification and later I can show that the patent in suit does also cover the full automatic machine.

Mr. Schapp: If your Honor please, our position is it doesn't make any difference whether the pat-



(Testimony of Rene Gaubert.)

ent covers their machine or not, the issue is whether it covers our machine. It has nothing to do with the issue here.

Mr. Flehr: Yes, your Honor, it does. The element of commercial success is quite an important element in a patent——

The Court: It might become material, and with the assurance you will connect it up I will allow it.

Mr. Schapp: Very well, your Honor.

(The device was marked "Plaintiff's Exhibit 6.")

Mr. Flehr: Q. In general, Mr. Gaubert, what has been the reaction of the trade to the machines of the type of Plaintiff's Exhibit 4?

A. Well, the trade reacted very enthusiastically about it. Everyone commented on my ability to be able to produce such a relatively simple machine that would do so much for them with so little and that would allow them to use so many [96] cellophane bags when they weren't able to before.

Q. I will hand you a number of papers and ask you to identify them.

A. This is a letter I received from the Los Angeles Pretzel Company, Inc., dated March 2, 1936. It was written to me by Mr. Gerberich.

The Court: Read it.

(Testimony of Rene Gaubert.)

PLAINTIFF'S EXHIBIT 9.

A. "Simplex Wrapping Machine Company,  
2437 East Eleventh Street, Oakland, California.  
Attention, Mr. M. R. Gaubert.

"Gentlemen:

"After using your cellophane bag making machine for a period of over three months, we wish to state that the machine is working very satisfactorily and also has been an economical factor in our cellophane bag department. We can highly recommend this machine to cellophane bag users. Wishing you much success with this machine, we are,

"Yours very truly,

"LOS ANGELES PRETZEL  
COMPANY, INC.,

By P. F. GERBERICH  
President."

The Court: Q. What machine was that?

A. That is the old machine here (indicating).

Mr. Flehr: Plaintiff's Exhibit 4.

Mr. Schapp: If your Honor please, I am raising an objection to the reading of these letters. If they want to produce those witnesses that is all right, but to just produce letters written by them, as far as I can see it is purely hearsay and immaterial.

Mr. Flehr: Q. Mr. Gaubert, do you know the party who wrote that letter, there? A. Yes.

(Testimony of Rene Gaubert.)

Q. Do you know his signature?

A. Yes, I do.

Q. Can you identify that signature?

A. Yes, it is his signature.

Mr. Flehr: Your Honor, this letter the witness has referred [97] to is simply being offered as further evidence of commercial success, and to bring in evidence with respect to the fact that the trade really did get something that they wanted.

The Court: For that limited purpose I will allow it. Proceed.

A. I have another letter from the Grandma Cookie Company, dated September 21, 1935, addressed to Simplex Wrapping Machine Company, 2437 East Eleventh Street, Oakland, California.

#### PLAINTIFF'S EXHIBIT 9 (continued)

“Gentlemen:

“We are pleased to inform you that we are very well satisfied with the Simplex Bag Folding Machine we purchased from you a few months ago. It has proved itself very easy to operate and most dependable. The bags it produced are strong and easy to fill. With the use of the machine, we are able to make very definite savings in our bag costs. We do not hesitate to recommend the Simplex to anyone who is interested in cutting the cost of bags.

“Yours very truly,

“GRANDMA COOKIE COMPANY,  
By F. C. BUSCHE.”

(Testimony of Rene Gaubert.)

The Court: Q. Did you receive that letter on or about that date? A. Exactly.

Q. Is that the original?

A. This is a photostatic copy. The original was used to print my pamphlet. I made up a pamphlet at that time, your Honor, and the original letter was used in the printing.

Q. How did you get that signature there?

A. It is a facsimile.

The Court: The objection is good. He is entitled to the best evidence.

Mr. Flehr: Q. Do you have the original document?

A. I don't, but here is one I have (producing).

Q. Take this one you just read, from the Grandma Cookie Company, [98] you haven't that?

A. I don't think I have.

Q. Will you please check your files and produce it if you have it?

A. If I can. It was smeared in the printing of the pamphlet. They smeared the letters. They used these letters and put ink on them, and I probably threw them away.

Q. This letter you just read, on the letterhead of Grandma Cookie Company, do you know the name of the writer? A. Yes, I do.

Q. Do you know his signature?

A. Yes, I do.

Q. Is that his signature? A. It is.

The Court: That is not his signature——

(Testimony of Rene Gaubert.)

Mr. Flehr: It is a photostatic copy.

The Court: But it is not his signature.

Mr. Flehr: I will try again to have him find it.

Q. The next letter you have there, Mr. Gaubert—

A. Is an original letter written from Cal-Ray Bakeries, dated September 23, 1936:

### PLAINTIFF'S EXHIBIT 7

“The Simplex Wrapping Machine Company,  
2437 East Eleventh Street,  
Oakland, California.

“Gentlemen:

“Generally we are reluctant to write letters of recommendation regarding equipment, but in this instance are pleased to state that your bag making machine is one of the outstanding units in our plant. This unit means time and money saved in many ways, such as original cost of bags, elastic supply in various sizes, and fresh stock. We sincerely wish success to your company.

“Yours very truly,

CAL-RAY BAKERIES,  
D. G. NEUMAN.”

Q. Do you know Mr. Neuman, who signed that letter?      A. Yes, I do.

Q. Do you know his signature?

A. Yes. [99]

(Testimony of Rene Gaubert.)

Q. Can you identify his signature?

A. Yes. It is his signature.

Mr. Schapp: May I see them?

Mr. Flehr: Q. What machine did that letter have reference to, Mr. Gaubert?

A. It had reference to one of the very earliest machines I built of this type.

Q. That is, of the type of Plaintiff's Exhibit 4?

A. That is right.

Q. The same type as supplied to Mr. Schultz?

A. Exactly.

Mr. Flehr: I offer in evidence this letter which the witness has just identified, dated September 23, 1936, from the Cal-Ray Bakeries.

The Court: It will be admitted and marked.

Mr. Schapp: Objected to as being purely hearsay.

The Court: This is the original?

Mr. Flehr: The original.

Mr. Schapp: If your Honor please, I don't think it makes any difference whether it is the original or a copy, as long as they don't produce the witness, himself. The witness, himself, is the man—

The Court: It goes to the weight of the testimony. It may or may not. Produce the writer of that if you wish. This is some evidence of commercial value of the product.

Mr. Schapp: Very well.

The Court: Proceed. It may be admitted and marked.



(Testimony of Rene Gaubert.)

Mr. Flehr: The exhibit to be marked "Plaintiff's Exhibit 7."

(The letter was marked "Plaintiff's Exhibit 7.")

Mr. Flehr: Q. Now, this last paper I am handing you, Mr. Gaubert, can you identify it?

A. Yes, I do.

Mr. Flehr: I simply thought I would have him identify it and later on I will bring in the originals if they are found. [100]

The Court: I will allow that for the purposes of identification only. That will be admitted and marked.

Mr. Flehr: I thought I would save time and have him testify from the copy. Do you wish to do that? Let the witness identify the copy, subject to production of the original if they can be found?

Mr. Schapp: Yes.

The Witness: This is written from Mother's Cake & Cookie Company, dated March 28, 1936.

#### PLAINTIFF'S EXHIBIT 9 (Concluded)

"Simplex Wrapping Machine Company,  
2437 East Eleventh Street,  
Oakland, California.

"Gentlemen:

"The Simplex Bag Folding and Sealing Machine we purchased from you has now completed its ninth month of successful operation. This has done everything you said it would do, and more.

(Testimony of Rene Gaubert.)

“As I remember it, you said the machine would deliver approximately 600 cellophane bags per hour. As a matter of fact, since you have increased the speed of the motor, it actually produces an average of from 900 to 1000 bags per hour. We are very pleased with the uniform quality of the bags it produces.

“The machine paid for itself in the first four months,—on the savings in bag costs alone. Our full cellophane bags now cost us only about \$5 per thousand, as against the approximate \$10 we would have to pay for this bag.

“In other words, we can now use a cellophane bag and get the extra display value and full moisture proof protection for less than it would cost us to pack our products in wax bags with cellophane face.

“You are at perfect liberty to use this letter in any way you see fit and to refer any interested parties to us. [101]

“Yours most sincerely,

W. J. MEDER,

“MOTHER’S CAKE & COOKIE  
COMPANY.”

The Court: Take a recess for a few minutes.

(Recess.)

Mr. Flehr: Q. Can you demonstrate the operation of this Plaintiff’s Exhibit 4?

A. Yes, I can.

Q. Will you please do so?

(Testimony of Rene Gaubert.)

A. When this machine is warm enough so I can.

Mr. Flehr: Can we move it up, your Honor?

The Court: Yes, surely.

Mr. Flehr: Q. Now, Mr. Gaubert, would you please tell us what you are doing as you do it?

A. Well, I take a sheet of cellophane and place it under the mandrel and leave it rest and press the pedal. It happens in this case that the sheet comes from a roll; it could have been pre-cut, which was the first machine. I place another sheet and remove the bag. It is now made. Of course, I am a very poor operator. I will explain, that after the sheet is placed on the machine and the pedal is tripped—I will slow it down and demonstrate it as I am talking—I will trip the pedal, which starts the machine on the cycle, and just by turning the belt I will endeavor to show you what happens. Now, the plate comes down then the sheet is folded on one side, on the other, these blades come in on the bottom of the bag to form a line on which the bottom is to be folded over by this bottom folding blade, and then as I keep going you will notice that the bottom is being folded over as I said before, and that is this bottom folding blade holds the fold below the mandrel, and the folding blade will retract, and pending the application of the heat by the heater—you see those blades are coming out now, however the folds are held in position pending the application [102] of the heat, which is now coming down and which has now happened. Now, this is a

(Testimony of Rene Gaubert.)

sealing whereby everything (showing bag)—it is going to be a little hot, because I went too slow. Now, the next sheet has come down and all of these members are retracted. The bag is now made on the end of the plate and can be removed.

Mr. Flehr: I will offer in evidence one of the cellophane bags made during the demonstration, the same to be marked Plaintiff's Exhibit 8.

(The cellophane bag referred to was marked "Plaintiff's Exhibit 8.")

Mr. Flehr: Q. Now, Mr. Gaubert, this machine here, Plaintiff's Exhibit No. 3, could you show us generally how that machine is used?

A. Yes. On this machine the sheet is placed underneath the plate and the foot pedal actuates the motion to bring the plate down and fold the side margins of the sheet over the plate—I am doing it as slow as I can. Then there is a folding blade—I mean a knife blade that is being put over by hand on which the bottom is to be folded by the bottom folding blade, which works automatically in this case. Now, the knife folding blade is retracted and the heater brought down automatically, and if this was hot the bag would have been made. This would have been a true bag the same as the other bag.

Q. Now, this bag I have, Plaintiff's Exhibit 8, Mr. Gaubert, will you just briefly point out the construction of that bag when it is completed?

A. The construction is that the sheet has been

(Testimony of Rene Gaubert.)

folded over the side and bottom, and over the overlap portions of the bottom fold and the lengthward fold we have applied heat and have sealed them together with heat. [103]

Q. Now, when you heat-sealed the bottom of the bag how many pieces of cellophane did you fasten together by the heat seal?

A. Several pieces. There is at least—in some places there is three thicknesses of cellophane and in other places there is—I would have to count them—let's see: one, two, three, four, five pieces of cellophane that are glued together.

Q. As I understand, the two side walls of the bag are not attached together by the heat seal at the bottom?

A. No, the construction of this bag is such that the portions that are sealed are not sealed in any way to the front portion of the bag. In other words, the bottom has been folded, as we know, over the plate, and the plate has kept the heat from transferring to the front portion of the bag.

Q. Now, you refer to a part of that machine, part of Plaintiff's Exhibits 3 and 4, over which you folded the bottom. Can you explain again the function of that part?

A. Well, this blade is very necessary in order to be able to fold the bottom.

Q. Can you demonstrate that by hand on a table somewhere, Mr. Gaubert?



(Testimony of Rene Gaubert.)

A. I certainly can. I can do it over this. Assuming that this is the plate, and pieces of paper.  
(Demonstrates)

Q. Just explain what you are doing as you do it.

A. I am folding one side over this plate, then the other side, then I am trying to duplicate this blade that is doing this bottom folding. It will be found it is necessary to have another line fold on top, in order to be able to fold the bottom and in order to retain the fold. I mean to say this would never fold—this bottom would never fold, it takes this blade and it takes that blade to fold over this one. Then retract the blade, run over the bag, as it is now. But the necessity of this blade is very apparent, because if it wasn't for this blade we couldn't fold over the bottom, [104] some other method would have to be used to seal this bottom.

Q. What would happen if you didn't have a member on top?

A. The fold wouldn't happen.

Q. What would happen?

A. If you didn't have this blade, you mean?

Q. Yes.

A. If we didn't have this blade no fold would happen, you couldn't fold it.

Q. This is what I mean, Mr. Gaubert, suppose you didn't have your top blade on top of the mandrel, and you endeavored to fold over the bottom, what would happen?



(Testimony of Rene Gaubert.)

A. We would lose our fold.

Q. Demonstrate that to the Court.

A. There is what would happen (demonstrating).

Q. As you have demonstrated, the top layer of cellophane would simply wrinkle up and not fold on a proper line?

A. They would simply go away from their position.

Mr. Flehr: Your Honor, I would also like to have this additional machine demonstrated while we are demonstrating machines, however it is not heated up.

The Court: Well, get it ready during the recess just before we reconvene this afternoon, and we will have the demonstration at two o'clock.

Mr. Flehr: Q. Now, Mr. Gaubert, when did you first see the machine which is charged here to be an infringement of your patent manufactured by the Schultz Food Company?

A. I saw it this year.

Q. And do you recall the approximate date?

A. Not exactly. Let's see—no, I don't recall the exact date.

Q. Do you recall where you saw the machine?

A. Yes, I do. I saw it at Koster Candy Company.

Q. Was the machine operating at the time you saw it?

(Testimony of Rene Gaubert.)

A. It wasn't working, but Mr. Koster showed me the operation of it. [105]

Q. Now, Mr. Gaubert, back at the time you first placed your commercial machine on the market, do you know whether or not there were any other machines available which the food industry could buy for the purposes of making their own cellophane bag requirements?

A. Well, I inquired whether there were machines that could be purchased and operated by people that were using bags, and the answer I received was negative. Mr. Meder, from Mother's told me that he had looked around to see what he could do, he was looking at every magazine——

Mr. Schapp: Objected to as hearsay.

The Court: The objection will be sustained.

Mr. Flehr: Just a moment. Will you read the statement back the witness just made?

The Court: Read it, Mr. Reporter.

(The last answer was read by the reporter as follows:

“A. Well, I inquired whether there were machines that could be purchased and operated by people that were using bags, and the answer I received was negative. Mr. Meder, from Mother's, told me”——)

Mr. Schapp: That is hearsay.

The Court: Sustained.

Mr. Flehr: We will strike out what Mr. Meder said.

(Testimony of Rene Gaubert.)

Q. Then as far as you know there was no other machine available at that time? A. No, sir.

Q. Now, would you just review briefly again the advantages of your bag, Plaintiff's Exhibit 8, over the half cellophane bag or window type cellophane bag, Plaintiff's Exhibit 2?

A. Well, the bag made on my machines has only two seams, whereby this one has three longitudinal seams. This one is made—I would say the two-piece cellophane bag is made out of two pieces, [106] and one of them is not as moisture-proof as the other, whereby this bag is not as moisture-proof as the full cellophane bag. Again, it doesn't have the sales appeal of this bag because of the fact it is not visible, it is not transparent all the way around.

Q. This Plaintiff's Exhibit 2, do you know if that is a glued bag or heat-sealed bag?

A. Yes, it is a glued bag.

Q. You mean by "glued" that adhesive has been applied and the two parts fastened together by adhesive? A. That is right.

Mr. Flehr: Your Honor, I think this is all from this witness until we demonstrate the other machine.

The Court: It is five minutes to twelve. Immediately before we proceed get the machine ready, and we will take the adjournment until two o'clock.

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(A recess was taken until two o'clock p.m.) [107]

Afternoon Session—2:00 o’Clock

RENE J. GAUBERT, Recalled

Direct Examination (Resumed)

Mr. Flehr: I wish to offer for identification at this time the copies of letters concerning which the witness testified, the letters being dated September 21, 1935, March 2, 1936, and March 28, 1936, bearing the names Grandma Cookie Company, Los Angeles Pretzel Company, Inc., and Mother’s Cake & Cookie Company, respectively.

The Court: They may be marked.

(The letters referred to were marked “Plaintiff’s Exhibit 9 for identification.”)

Mr. Flehr: Q. Mr. Gaubert, will you identify, if you can, these papers I am handing you?

A. Yes, sir; they are the pamphlets that I made covering the bag-making machine.

Q. Which machine, Mr. Gaubert?

A. The one behind the larger machine, there.

Q. That is Plaintiff’s Exhibit No. 4?

A. Yes, sir.

Q. In other words, these were circulars which you used? A. That is right.

Q. In the sale of Plaintiff’s Exhibit 4?

A. That is right.

Mr. Flehr: I offer in evidence the two circulars which the witness has identified, to be marked Plaintiff’s Exhibit 10.

(The circulars referred to were marked “Plaintiff’s Exhibit 10.”)

(Testimony of Rene Gaubert.)

Q. Now, Mr. Gaubert, I wish you would please demonstrate to the Court this Plaintiff's Exhibit 6.

Mr. Shapp: If your Honor please, I wish to offer an objection to the demonstration of this machine. According to the tes- [108] timony of this witness this machine was not made until 1940; that is about three years after the patent issued. It doesn't look anything like the patent; it is a thoroughly reorganized machine. As a matter of fact, it has been reorganized to compare with our machine, and in its operation it seems to be almost exactly the same as our machine. But it is in no wise in issue; the sole thing that is in issue is the patent, whether our machine infringes the claim of the patent. If they have developed a machine that looks something like—maybe it is a copy—when you compare ours, that can have no possible bearing on the questions in issue.

Mr. Flehr: Your Honor, this machine was put in evidence to show what the plaintiff is manufacturing, and we have shown commercial success in the use of this invention.

The Court: Just a moment. With this machine?

Mr. Flehr: We will develop presently that this machine also incorporates the invention and is being manufactured and sold by this plaintiff.

The Court: For that limited purpose, I will allow it. Proceed.

(Thereupon the witness proceeded to demonstrate the operation of the machine, Plaintiff's Exhibit No. 6.)



(Testimony of Rene Gaubert.)

The Witness: There are certain adjustments that have to be made. I didn't have a chance. This machine can be regulated as to speed (demonstrating). My current went on the blink, here.

Mr. Flehr: Q. Now, Mr. Gaubert, you have just operated the machine for a short period of time and made a number of bags with the machine.

A. Yes, sir.

Q. Can you operate the machine at a slow speed, then, so as to more clearly show what is happening?

A. By hand? [109]

Q. Any way you can. Just explain what you are doing, Mr. Gaubert.

A. Now the machine is feeding the bag through the rotary motion of these rollers, and as soon as the bag has been fed, the machine cuts the sheet or the bag—finished bag. Then the blades for folding over the bottom come in position on the end of the plate, and as soon as they are in that position the other little bottom folder blade comes over and folds the bottom, your Honor.

The Court: I can see it.

The Witness: Folds it right over. Then after that has been folded over and transported over the plate, the heater comes over and seals the bottom and the longitudinal seams at one shot. My belt is slipping. Now the bottom fold-over blade retracts and then the plate is moved into those rubber rollers in order to move the bag that has been made over the plate, as you can see. There is the bag coming out. Now the bottom folding repeats itself again.



(Testimony of Rene Gaubert.)

The Court: And cuts it.

A. That is right. And then it feeds it over again.

Mr. Flehr: Q. How is the paper folded on this machine, Mr. Gaubert?

A. The paper—over the mandrel, you mean?

Q. Yes. A. The paper is folded——

The Court: As it goes in the slot?

A. As it goes into the plate it is being folded over.

Mr. Flehr: Do you wish to see anything more with respect to the operation, your Honor? We will have more testimony concerning the details of the machine later on.

The Court: I perceive it. If I have failed to see anything, point it out.

The Witness: There is a thermostat control.

The Court: That is on my icebox. [110]

The Witness: I have it on this one—a small detail introduced lately. When the heater is on, if you should leave it so long that that would get too hot, this would cut it off. And I have the variable speed which controls the speed. This is an important factor at times to regulate the time of application of heat. Heavy material wants more time.

The Court: Q. Did you patent that?

A. We have applied for patents.

Q. When was this patented? You made application in 1940?

(Testimony of Rene Gaubert.)

Mr. Flehr: Your Honor, this machine has features on it which the other machine does not have, Exhibit 4, and he is referring to those improved features which he is patenting in addition.

The Witness: I have also developed an electric eye attachment which fits on the end of this machine so that printed bags can be made automatically and the printing spotted.

The Court: Q. Are you familiar with the defendants' machine? A. Somewhat.

Q. Suppose I would allow both of you to go in the market and take your chances on the product,—what is your answer to that?

A. Well——

The Court: Well, I guess that is what we are here for.

Mr. Flehr: Q. Mr. Gaubert, when did you first start to have competition in the manufacture and sale of bag-making machines of the type of your Exhibit 4?

A. Well, I first was aware of that machine in 1936.

Q. Which machine are you referring to?

A. Rather of a competitive machine, in 1936.

Q. Do you remember the name of that machine?

A. Yes, I do; it was a Wrap-Aid.

Q. I hand you a paper and ask you if you can identify it. [111]

A. Yes, this is a page of the "Modern Packaging," and this is the Wrap-Aid machine.

(Testimony of Rene Gaubert.)

Q. You mean that the Wrap-Aid machine to which you referred is illustrated?

A. Is illustrated on one side of the page.

Q. On the page numbered 304?

A. On page No. 304 is right.

Q. You say that machine appeared upon the market in 1936?

A. I heard of it appearing on the market and I saw it in magazines advertised.

Q. Now, tell me, was that a fully automatic machine?      A. Yes, sir.

Q. You say that that was manufactured to your knowledge in 1936?      A. Yes.

Q. And was called to your attention at that time?

A. It was called to my attention, yes, sir.

Mr. Flehr: Your Honor, in view of the statement made by opposing counsel to the effect that this party copied their machine, I wish to put this in evidence.

The Court: It will be admitted and marked.

Mr. Flehr: I offer this instrument the witness has just identified, being an advertisement from—what was it?      A. “Modern Packaging.”

Mr. Flehr: Being an advertisement of the Wrap-Aid Machine Company, Inc.

The Court: Where did they manufacture this machine?      A. In New Jersey, your Honor.

Mr. Flehr: The same to be marked Plaintiff's Exhibit——

(Testimony of Rene Gaubert.)

Mr. Schapp: I object to this as entirely immaterial.

The Court: What is the purpose of this offer?

Mr. Flehr: It is this: Counsel for the Defense inferred that this Plaintiff had copied the automatic feature of his machine in making his automatic machine, and we wish—— [112]

The Court: Copied it from what?

Mr. Flehr: Copied from the Schultz Machine.

The Court: Is this the Schultz machine?

Mr. Flehr: No, your Honor, but it is an automatic machine.

The Court: It is remote, then, isn't it?

Mr. Flehr: It simply is an automatic machine. I don't like to have the inference that we copied their machine instead of them appropriating our invention.

The Court: I will sustain the objection at this time so that we do not prolong this. You may re-offer it if necessity occurs later on. The fact that the New Jersey machine has an automatic feature has no relationship here.

Mr. Flehr: I am satisfied, your Honor, as long as that inference has no bearing upon this case.

The Court: All right; proceed.

Mr. Flehr: Q. Mr. Gaubert, this morning you testified concerning the number of machines which you had manufactured and sold of the type of Plaintiff's Exhibit No. 4.      A. Yes.

(Testimony of Rene Gaubert.)

Q. Since the time you put your machine upon the market. Now, you have also sold a number of the automatic machines? A. Yes, sir.

Q. According to Plaintiff's Exhibit 6?

A. Yes, sir.

Q. How many of those machines have you sold?

The Court: This new machine?

Mr. Flehr: Yes.

A. I have sold 69 of those machines.

The Court: This is the one that you perfected in '40?

Mr. Flehr: That is right.

The Witness: The one I have just demonstrated your Honor.

The Court: Q. With all these new features on it? [113] A. Yes, your Honor.

Q. Did all 69 have those identical features?

A. Yes, your Honor.

Q. Nothing added since?

A. No, your Honor, nothing has been added.

The Court: All right; proceed.

Mr. Flehr: Q. Of the type of Plaintiff's Exhibit No. 4, will you tell me what has been the gross sales of those machines?

A. The gross sales amounted to \$128,000.

Q. And what has been the gross sales of the full automatic type according to Plaintiff's Exhibit No. 6? A. \$72,000.

The Court: What is the other, Exhibit 4?

Mr. Flehr: That is Exhibit No. 6.

(Testimony of Rene Gaubert.)

The Court: I know, but there are two types, you said.

Mr. Flehr: Yes, he first testified, I believe, \$125,000.

The Court: That is No. 6?

Mr. Flehr: For Exhibit No. 4.

The Witness: No, No. 4 was \$128,000.

Mr. Flehr: Q. \$128,000? A. That is right.

The Court: The small one?

A. That is right.

Mr. Flehr: Q. Then how about Exhibit No. 6?

A. Exhibit No. 6 was \$72,000.

Mr. Flehr: That is all.

Mr. Schapp: If your Honor please, I just want to raise one more objection to this line of questioning. He hasn't asked any questions as to how many they have sold of the machine that actually forms the subject-matter of the patent. They always relate to improved machines, and these big figures merely relate to improvements that were made afterwards; they don't relate to the original patented machine. [114]

#### Cross Examination

Mr. Schapp: Q. Mr. Gaubert, this morning you showed us a number of letters which you had received, kind of letters of recommendation. Were these letters sent to you spontaneously or did you ask for them?

A. I asked for some letters of recommendation.



(Testimony of Rene Gaubert.)

Q. You asked for those letters of recommendation?      A. Yes, I did.

Q. For the purpose of incorporating them in a pamphlet, I suppose?      A. Yes, sir.

Q. Is that the idea?      A. Yes, I did.

Q. Is there any machine at the present time that you know of in existence that was made exactly in accord with the showing of the patent?

A. Yes, sir.

Q. About how many of those machines are in existence?

A. Oh, I wouldn't be able to say. All of the machines that I produced of item No. 4 are in accordance with the patent.

Q. I am not inquiring about Exhibit 4; I am inquiring about the machine from which the patent drawings were made.

A. Well, I must repeat that all of those machines incorporate all of the items—practically all of the items covered by the drawings.

Q. Mr. Gaubert, will you please answer my question?      A. I will.

Q. How many of those machines from which the patent drawings were made are in existence at the present time?

A. About 139 machines, or something like that.

Q. About 139 machines.

The Court: That would be Exhibit 4, would it?

A. Yes, sir.

Mr. Schapp: I beg your pardon.

(Testimony of Rene Gaubert.)

The Court: That would be Exhibit 4.

Mr. Schapp: I am not inquiring about Exhibit 4; I am inquir- [115] ing about the machine that is shown in the patent.

The Court: The original patent.

The Witness: The machine that is shown in the patent is the machine that I sold, and the only difference was that I added——

Mr. Schapp: Q. Now, Mr. Gaubert, please understand me right; I am not asking about these; I am not asking about the machine you showed here; I am asking about the machine from which the patent drawings were made.

A. I sold 139 machines.

Q. Of that particular machine from which the patent drawings were made? A. Yes.

Q. Did those machines have feed rolls on them?

A. Feed rolls?

Q. Yes. A. Yes.

Q. Then it is not the machine from which the patent drawings were made, is it?

A. Yes, sir.

Q. Did the machine from which the patent drawings were made have a feed roller attachment?

A. No, the first machine did not have it; it was added on the——

Q. It was added. I asked you now how many of those unchanged machines to which nothing was added have been sold?

A. The fact remains that practically all of the

(Testimony of Rene Gaubert.)

machines that I have sold without the feed roll attachment were at a later date supplied with the feed roll attachment and thereby they became one of those.

Q. How many did you sell without the feed roll attachment?

A. Before installing the feed roll attachment on the machine I probably sold, I would judge, half a dozen machines.

Q. Half a dozen machines?                      A. Yes, sir.

Q. So you really sold only about half a dozen machines that exactly looked like what the patent drawings show?

A. No, sir; I must contend that all of the other machines were the same except [116] that they had an extra item placed on them.

The Court: Added improvements?

A. Added improvement.

Mr. Schapp: Q. You say you have no original machine available at the present time?

A. Yes, there are.

Q. Why didn't you bring it up here?

A. There is no original machine; I call them the original machines.

Q. Well, the machine from which the patent drawing was made—is that machine available?

A. It is right here on the floor.

Q. Was the patent drawing made from that machine?

A. No, the patent drawing was made before the

(Testimony of Rene Gaubert.)

machine. I beg your pardon, not the patent drawing; my drawings were made before the machine. The patent drawings were made from my drawings, not from the machine.

Q. Where is the machine that your drawings were made from that formed the substance of the originals for the patent?

A. That machine has probably disappeared by now; I don't know what has happened to it.

Q. Have you any machine just exactly like that in your store?

A. I haven't in my possession.

Q. Didn't you say this morning on your cross-examination that you had one there that had been disassembled?

A. Well, it must have been disassembled; I don't know where it is.

Q. You don't know where that is? Now, referring to your patented machine, which unfortunately is not available at the present time, merely shown in the Patent Office drawing, could you use roll cellophane on that for making a bag?

A. I could place in the roll, but I later developed on it—I could put the roll on the same as the machine that is here now, yes.

Q. Well, without the later development?

A. Could I use the roll? [117]

Q. Yes. A. No.

Q. You could not use a roll of cellophane to make a bag? A. No.

(Testimony of Rene Gaubert.)

Q. On your original machine?

A. No, unless I cut the sheet by hand.

Mr. Schapp: That is all.

Mr. Flehr: That is all.

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CHARLES SCHULTZ,

called by the Plaintiff; sworn.

The Clerk: Will you state your name?

A. My name is Charles F. Schultz.

Mr. Flehr: Q. Are you the Charles Schultz who is named as a defendant in this case?

A. I am a defendant, yes, sir.

Mr. Flehr: Your Honor, this witness, of course, is being called under Rule 43, Section B.

Q. Now, Mr. Schultz, you purchased one of the Simplex machines corresponding generally to Plaintiff's Exhibit No. 4 from the plaintiff?

A. Yes, sir, I purchased one of the machines without the feed roll.

Q. Speak a little louder so I can hear you. Help the reporter; he has to get it down.

Can you tell me approximately when you made that purchase?

A. Somewhere in 1935, the latter part.

Q. What did you use the machine for?

A. Making cellophane bags.

Q. What did you use the bags for?

A. The packaging of cereal.

(Testimony of Charles Schultz.)

Q. Were you manufacturing cereal at that time?

A. I was, yes.

Q. What type? A. Breakfast cereal.

Q. What kind of bags were you using before you purchased this machine?

A. We were making the bags ourselves. [118]

Q. Out of what? A. Around a form.

The Court: Q. Around a form?

A. That will be brought out later, I believe the exact way we were making bags. We were already making bags, ourselves, before we purchased the Gaubert machine.

Q. What type of bag?

A. Out of cellophane.

Q. Moisture-proof cellophane? A. Yes.

Q. How did you seal the bags?

A. We heat-sealed it.

Q. You say you purchased the Gaubert machine and started to use it in your establishment?

A. Yes, sir, we used the Gaubert machine.

Q. That is, you stopped making bags by hand?

A. We did stop making by hand, yes.

Q. You used those bags to market your product?

A. Yes, sir, to package the cereal.

Q. What was that puffed wheat?

A. It was puffed wheat and other products.

Q. Was the machine successful?

A. The machine was altogether too slow. As far as making the bags, it made bags. It was very, very slow.



(Testimony of Charles Schultz.)

Q. How many bags did it make per hour?

A. Up around 500 bags an hour, depending somewhat on the operator.

Q. Was that a great deal better than making the bags by hand?

A. It was somewhat better, yes, sir.

Q. You later bought a second machine of the same type?      A. Yes, sir, we did.

Q. What time?

A. I don't remember the exact date; approximately six months after the first purchase, as I remember it.

The Court: Q. Pardon me; the same type of machine?

A. The same type of machine, yes, sir. [119]

Q. From the same firm?

A. From the same Mr. Gaubert, yes, sir.

Mr. Flehr: That is according to Plaintiff's Exhibit No. 4.

The Court: The last machine there?

A. Well, I believe the sheeting attachment was put on the machine after we purchased it.

Q. How about the machine?

A. It corresponded generally to this machine that is shown here.

Mr. Flehr: Q. Will you point out on this Exhibit 4 what was added to the machine after you bought it?

A. Can you see, your Honor?

(Testimony of Charles Schultz.)

The Court: I can see.

A. The original machine—this was the top. This mechanism that I am indicating with my hand was added later to the machine to accommodate a roll of cellophane and facilitate in sheeting the rolling. The original machine had no place to hold a roll of cellophane. We had a separate machine for sheeting the cellophane to size, and the sheets were placed as he showed you this morning under the mandrel and the foot depressed, and the machine went one single revolution and made a bag semi-automatic.

Mr. Flehr: Q. How many bags per hour did the machine make after the roll attachment was placed upon it?

A. The roll attachment did not change the speed of the machine in any respect; it still made around 500 bags an hour, depending somewhat on the operator.

Q. By "operator" you mean what type of person, a girl?

A. We changed operators approximately every two hours, because it was extremely hard work to sit there and feed sheets out at a distance away from the body.

Q. You had two operators? A. Yes, sir.

Q. And do I understand you that this roll attachment was placed only on the second machine you bought?

A. Yes, sir, only one [120] attachment, as I remember it.

(Testimony of Charles Schultz.)

Q. You don't know about the first machine?

A. I know the first machine was purchased without a roll attachment and I do not believe we ever put the attachment on that.

Q. But you say about six months after you bought the first machine you bought the second machine of the same kind, and then at a later date a roll attachment was added to that machine substantially as shown in Plaintiff's Exhibit No. 4?

A. Yes, sir.

The Court: Q. You bought it from the Plaintiff, here? A. Bought it from the plaintiff.

Q. And the attachment also?

A. Also the attachment, yes.

The Court: Proceed.

Mr. Flehr: Q. How long did you use those two machine after you purchased the second machine?

A. We used those machines until we had developed our own machine, which was approximately a year and a half.

Q. Do you mean a year and a half from the present date, or do you mean a year and a half—

A. A year and a half from the date we purchased the machine.

Q. You mean that you used the two machines about a year and a half after you purchased the second one?

A. Well, I am not exactly clear on the dates. That would only make a matter of six months difference one way or the other.

(Testimony of Charles Schultz.)

Q. So you used both machines well over a year, is that right?

A. We will say over a year for each machine, yes.

Q. And during that time you made all of your cellophane bags on those two machines—all that you required?

A. By running two shifts of girls on the machine we were able to keep up with our requirements at that time.

Q. Did your requirements get so heavy that you couldn't manufacture [121] enough bags on those two machines?

A. Yes, sir; our requirements came to the point where we couldn't conveniently manufacture them on these two machines.

Q. At that time were you selling bags to other people?

A. Not as a business. We did accommodate a few people by selling them bags.

Q. At the time you were using Mr. Gaubert's machine?      A. Yes, sir.

Q. Then after your bag requirements became so severe, so heavy, you then made your own machine for that purpose; is that right?      A. Yes, sir.

Q. What did you do with the two machines that you purchased from Mr. Gaubert?

A. We sold them.

Q. To whom?

(Testimony of Charles Schultz.)

A. One to Oest Foods, in San Francisco, and one to H. & W. Honey Products.

Q. Off-hand, do you recall how much you got for them?

A. One machine was sold with some other property, and I do not remember what the valuation was on the machine. The other machine I believe around \$200 or \$175.

Q. When did you say you made your machine?

A. What do you mean by "made"? Do you mean finish the machine, or start?

Q. No, when did you complete it?

A. We completed our machine in 1936, the last part.

Q. Did you start to use it immediately?

A. We did, yes, sir.

Q. In your own establishment?

A. In our own establishment.

Q. When did you commence the sale of that machine? A. We made the first sale in 1937.

Q. To whom?

A. Koster Candy Company, Oakland.

Q. In 1937? A. The last part.

Q. Will you please——

A. Just a minute; let me check that date; I may be wrong on that. [122]

Q. I will ask you if you haven't records on that first sale.

A. It was '38 instead of '37. I have records if I could look them up. Change it to '38 instead of '37.

(Testimony of Charles Schultz.)

Q. Does that apply to all your testimony with respect to the new machine?

A. I believe some of these dates I haven't fixed permanently unless I look them up on the records.

Q. Don't misunderstand me. Does that 1938 date apply also to the development of your automatic machine?

A. I don't follow you.

Q. You have previously testified that you first developed your automatic machine in 1937.

A. Yes.

Q. Do you wish to change that also to 1938?

A. No; we made the first sale in 1938.

Q. When did you develop it?

A. We had previously used the machine in our own plant for over a year before we made a sale.

Q. And you have records of the first sale to the Koster Candy Company?

A. I have, yes, sir.

Q. Would you please produce such records?

A. I haven't those records with me.

Q. Will you check your files and produce them?

A. I can produce them, yes, sir.

Q. Now, this machine on the floor, here, Mr. Schultz, is that the machine which you say you manufactured?

A. That machine is a machine from which the patent drawings—patent application drawings were made. That was our original machine.

Mr. Schapp: Can we bring this over?



(Testimony of Charles Schultz.)

The Court: You can leave it there. We will go and see the machine after warming it up. Go down and warm your machine up and we will see that operate.

Mr. Flehr: Of course, I am not asking him to demonstrate at the present time, but just simply a few questions I want to get [123] clear before I proceed with my case.

The Court: All right.

Mr. Flehr: Mr. Schapp, do you wish to introduce that machine as your exhibit now?

Mr. Schapp: Well, if you want it.

Mr. Flehr: I will put it in as my exhibit if you don't want to.

Mr. Schapp: If your Honor please, I planned to introduce it as an exhibit, and I might ask your Honor's permission to withdraw the exhibit after the trial is over, because the machine I understand is being used by our clients every day.

The Court: I don't think we will have any difficulty on that score.

Mr. Flehr: I think we can arrange it. I have the same problem.

The Court: We don't want these machines that are throwing people out of employment to remain here idle.

Mr. Flehr: Would you introduce your machine in evidence?

Mr. Schapp: Yes, you might call it Defendants' Exhibit A.

(Testimony of Charles Schultz.)

(The machine referred to was marked "Defendants' Exhibit A.")

Mr. Flehr: That will be the machine manufactured and sold and used by the defendant—that is the Defendant Schultz Food Company, and which is charged here to be an infringement of the patent in suit.

The Court: So stipulated?

Mr. Schapp: Yes.

Mr. Flehr: And it is also the machine which is being used by the defendant Koster Candy Company.

Mr. Schapp: Q. That is the same machine, isn't it? A. It is, basically, yes. [124]

Mr. Schapp: So stipulated.

Mr. Flehr: Q. You say you made a sale to the Koster Candy Company sometime in 1938?

A. Yes, sir.

Q. Have you sold additional machines since that time? A. We have, yes, sir.

Q. How long after the first sale did you make the second sale?

A. Approximately two weeks.

Q. Could you tell me how many machines you have sold up to date?

A. We have sold four machines.

Q. Are you thoroughly familiar with the operation of Defendants' Exhibit A?

A. I am, yes, sir.

(Testimony of Charles Schultz.)

Q. You are also familiar with the construction of all the details of the machine?

A. Of our machine, yes, sir.

Q. Now, I would like for you to tell me what is the detailed construction of the heater of this Defendants' Exhibit A? Can you give me those details?

A. I can show them to you; I don't know exactly what you want by—how you want me to explain it. We have two heated surfaces, one at right angles with the other.

Q. I understand.

A. If you will come over here I can show you.

(The Court, Counsel and Witness going over to the exhibit.)

Q. Now, Mr. Schultz, on this heater, as appears here, there is a backing or mounting; that is correct, isn't it?

A. There is a mounting.

Q. Made of rigid material, cast iron?

A. Yes, sir.

Q. And also there is a lower part which is the part which is heated, is that right?

A. The lower part that carries the heating surface, yes, sir.

Q. That has an electrical heating element in it, has it not?

A. Yes, sir.

Q. That lower part is attached to the upper part, is it not, by [125] some form of attaching means in between?

A. Yes, sir.

Q. Now, Mr. Schultz, on this particular machine, Defendants' Exhibit A, I see two bolts for attaching

(Testimony of Charles Schultz.)

it. Are they the only attaching means between those parts?      A. They are, yes, sir.

Q. Have you springs between those parts?

A. We have springs urging the heated surface down, just so the heater will go down——

The Court: I don't follow that. What do you mean by that?

A. Your Honor, if I raise this up, there is two bolts——

The Court: I see.

A. (Continuing)—holding this heater from leaving the backing entirely, and there are springs spaced at intervals, between six and eight, urging it away from this member, this back.

Q. What is the purpose of that?

A. So that when pressure is applied down here the heating surfaces can align themselves with the part to be heated.

Q. More heating down on that end?

A. No, it will——

Q. Uniform heat?

A. (Continuing) —allow uniform pressure. I believe in the other machine there are three supports; there are no springs.

Mr. Flehr: Q. That is what I wanted to get at, Mr. Schultz. You spoke of another machine. What other machine do you have reference to?

A. I am speaking of Mr. Gaubert's machine.

Q. Now, you recall when I examined or inspected one of your machines at your establishment about a month ago?      A. I do, yes.

(Testimony of Charles Schultz.)

Q. Do you recall that that machine had three points of attachment between this back portion and the front heater portion? A. It has, yes, sir.

Q. That was a machine which we photographed, was it not, as being the machine involved in this case? A. I think it was.

Q. Have you one of those heaters in your establishment? [126] A. I believe so.

Q. Will you bring one, please? A. Yes, sir.

Q. Now there is another matter about this machine I wanted to ask you. You say you are thoroughly familiar with its mode of operation?

A. I am, yes, sir.

Q. This part that I am pointing to, is that a mandrel?

A. Not as shown by the other machine.

Q. But it has a plate about which the paper or the cellophane is folded before the heating operation, has it not?

A. It is folded through—I want to point out at this point that our material takes a fold of 90 degrees before it reaches the blade.

Q. I understand; folded 90 degrees—where is the 90 degrees?

A. The 90 degrees is right here. It is half way folded between that point and here.

Q. 90 degrees is right angles.

A. This stands up here. In the operation of the machine this did not stand up.

(Testimony of Charles Schultz.)

Q. In other words, you want to point out that it is folded across back here in back?

A. Part of the folding occurs before the material reaches the plate and part of the folding after it reaches what we call the plate.

Q. That is because the paper is at an angle with respect to the plate? A. Yes, sir.

Q. And the paper is tightened by these rollers, is it not? A. Yes, sir.

Q. What are these little devices, Mr. Schultz? I am pointing to this little wire——

A. Those devices are used in making the square type of bag.

Q. This little finger that I am pointing to, is that identical with the one that I inspected at your establishment about a month ago?

A. Yes, sir. [127]

Q. Identical? A. Yes, sir.

Q. Are you positive?

The Court: Don't shake your head; you will have to answer, for the purpose of the record.

A. Yes, sir. I'm sorry.

Mr. Flehr: Q. As I said a moment ago, this part that I am pointing to is the plate about which the cellophane is placed preparatory for the sealing operation; is that not true?

A. If I followed you correctly, it is true, yes.

Q. Tell me, Mr. Schultz, does that plate move during the operation of the machine?



(Testimony of Charles Schultz.)

A. No, sir.

Q. It does not move?

A. It does not move. It must be held rigid.

Q. It is absolutely fixed?

A. Absolutely fixed.

Q. You are absolutely positive?

A. Positive. The casting has been broken three times in trying to fix the plate so it wouldn't move.

Q. Mr. Schultz, the machine that I examined at your establishment did it not have a handle on this pivot point that I am pointing to which is near the back side of the machine, near the end of the plate over which the cellophane is wrapped?

A. That is right; that handle is to facilitate putting on the plate without the use of a wrench.

Q. This attachment that you have here, is that rigid or not rigid?      A. That is rigid.

The Court: That is rigid; it is bolted down.

A. We had trouble with that point working loose, and the operators kept tightening it down and they would break the casting. Therefore we changed the point slightly since this machine was made.

Mr. Flehr: Q. And since I examined the machine? [128]

A. This machine has never been changed. This machine was in the shop all the time, and you examined two different machines at different times. Those parts have been changed now on the newer machines.

(Testimony of Charles Schultze.)

Q. Could you bring the new parts in, please, so we can see them?

A. It is possible that I can, yes.

Q. I wish you would, please. Do I understand on this machine that that part that I am pointing to, that point of attachment, this long plate, with the bracket comes down near the end of the machine, that that is a rigid connection and not a pivot?

A. If that pivots in that place the machine will not operate.

Q. What keeps it from pivoting?

A. Because it is locked. This is tightened with a wrench and locks that. If that point swivels the plate will bend in this point approximately six inches.

The Court: If the point swivels—what do you mean by that?

A. If this point should work loose and swivel, the movement of the cellophane and the drag on the plate will cause the plate to buckle, to bend similar to that, and the material will not follow. This has to be locked tight at that point, there.

Mr. Flehr: Q. As you handled it, you did move it, didn't you, Mr. Schultze?

A. I can move it, yes.

The Court: Yes.

The Witness: It is not intended to move, and it must be locked in the operation.

The Court: What is this—sheet iron?

(Testimony of Charles Schultz.)

A. That is galvanized sheet iron.

Mr. Flehr: Q. This plate is resilient, is it not, Mr. Schultz—the plate over which the cellophane revolves?

A. Generally, but not in the operation of the machine it isn't.

Q. Now, suppose we raise this heater. Will you please do that? [129]

A. (The witness did as requested.)

Q. I call your attention to the contact bar that you have on the long legs of the heater. I will turn the machine around so your Honor can see that.

The Court: I see it.

Mr. Flehr: I'm afraid you can't from that angle. I am pointing to this bar, here. (indicating)

The Court: Yes.

Mr. Flehr: Q. I notice that that bar, as you have it, is not more than one-half the length of the long bar of the heater; is that correct?

A. That is right, yes.

Q. Can you make full-sized bags with the heater arranged in that fashion?

A. I don't know what you mean by full-sized. The heater—the heated strip, heated surface—this particular heater, which we call the longitudinal heater, represents the full length of the bag. If we choose to make a 16-inch bag we place a strip—a heated surface in here that is 16 inches long. This one I believe, for this wide plate, this one is approximately 8½ inches long.

(Testimony of Charles Schultz.)

Q. Now, Mr. Schultz, could this heater with a short bar of that kind be used in the Gaubert machine?      A. In no respect, no.

Q. You are absolutely sure of that?

A. Absolutely sure.

Mr. Flehr: That is all.

Mr. Schapp: That is all.

The Court: You might as well make some while you are down here.

The Witness: Would you like to have us demonstrate that machine?

Mr. Flehr: Do you wish to make him your witness for that purpose now? Just let him see the machine operate. [130]

The Court: Go ahead.

Mr. Flehr: I didn't know whether he was still my witness or not, your Honor, but it doesn't matter.

The Witness: I have to turn this machine to the reverse side so you can watch the movement. I want to call your attention to the feed roll, the tightener to keep the web tight at all times after the intermittent operation of the machine. The material strikes the plate here and forms at about 90 degrees, here, and then by the urge of these wheels tends to draw the material tightly about this forming plate. This is just gravity of this laying on the material to facilitate in making it lie flat on the plate. The heating——

The Court: Marshal, turn on the power.

(Testimony of Charles Schultz.)

The Witness: It hasn't heat enough.

The Court: We will wait until there is. I want to see how it compares.

Q. Does that make up to a 16-inch bag here?

A. Yes.

Q. Beyond that you couldn't go? A. No.

The Court: What about the other machine, counsel?

Mr. Flehr: About the same, your Honor.

Is that correct, Mr. Gaubert?

Mr. Gaubert: My machine will go higher than that. As a matter of fact, it will go up to 20 inches now.

The Court: You can reduce it to any size?

Mr. Gaubert: Yes, sir.

The Witness: The machine I purchased from Mr. Gaubert wouldn't make a 20-inch bag.

The Court: Both of you have attempted to improve the machines.

The Witness: Are you speaking of your new machine?

Mr. Gaubert: I am speaking of the new machine.

[131]

The Court: That is what I meant.

Mr. Gaubert: That is what I thought you meant, your Honor.

The Witness: There is a little water here.

The Court: Don't get uneasy about it. I want to see this machine, how it operates.

(Testimony of Charles Schultz.)

The Witness: If I may explain, I have a crank on here that I can turn fast or slow.

Mr. Schapp: The motor on this machine will not operate on the current available here.

The Court: Why is that?

Mr. Schapp: Because it is direct current, and this is an alternating current motor, and we have to turn it by hand.

The Court: How is it they operated their machine?

A. They have added an additional motor and bolted it on a block with which to accommodate the direct current. Neither of the machines will operate on the current—neither their machine nor ours, on the current available here.

The Court: I have had the same difficulty; I know that that is true. We had a disastrous experience here in one of those other patent cases.

The Witness: Will you turn the machine as near as you can to the speed that the motor turns at when it gets heat enough?

(The machine was thereupon demonstrated.)

The Court: Turn them out as fast as they will go.

(The machine was again demonstrated.)

The Court: All right. It may be that this machine was made for this purpose—that is, for demonstration purposes, but it has done better than I thought it would.



(Testimony of Charles Schultz.)

The Witness: We had to take the machine almost apart to get it up the elevator this morning. [132]

Mr. Flehr: Just a minute. There is one other witness——

The Witness: This seal is not in line—not directly in line. The seal is over, and the over-lap here is to one side of the seal.

Mr. Flehr: What caused that, Mr. Schultz?

A. Because we had to take this roll—this whole attachment off, your Honor, to bring it up in the elevator. The roll has to be adjusted.

The Court: He didn't come as well prepared with his motors; probably that would be the answer.

Mr. Gaubert: I knew about the current up here.

Mr. Flehr: Any questions, Mr. Schapp?

Mr. Schapp: No, not at the present time.

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ARTHUR J. KERCHER,

called for the Plaintiff; sworn.

The Clerk: Will you state your name?

A. Arthur Jerome Kercher.

Direct Examination

Mr. Flehr: Q. Mr. Kercher, what has been your experience in connection with mechanical devices and engineering experience?

A. Well, I have been—my experience has started when I was a very young fellow. I designed my

(Testimony of Arthur Kercher.)

first machine approximately in 1894 or '5, and at that time I designed a machine to fold letters, fold envelopes around them, seal them, put stamps on them, and count them, and tie them up in packages for shipment from the Stock Exchange in Chicago. Since that time I have developed more than one hundred inventions, the first invention for a brush holder on an electric generator I applied for in 1898. I was graduated from high school in St. Cloud, Minnesota. I went for a short time to the University of Minnesota, and I [133] gained a good deal of experience in the construction business in the building of electric plants—at that time called electric light stations, and constructed five or six of them on the lines of the Northern Pacific Railway through Minnesota and Montana. Afterward for a number of years I was connected with the electrical industry in the development of bank protection apparatus, burglar alarms, burglary protection for buildings and retail establishments. Afterward I came to California and constructed electric plants in Northern California.

The Court: Q. What year?

A. This was in 1904 and '5. At that time I became interested in the electric heating business by reason of the fact that I had considerable electrical energy at my disposal, and up until the first World War I was actively engaged in designing and producing electric cooking apparatus, much of it automatic. During the World War I was super-

(Testimony of Arthur Kercher.)

intendent of a plant primarily producing nitro glycerine for the Allies, and in that connection I was conversant with wrapping machines which were used to wrap bars of soap and allied products. After that I continued my business on electric heating, and am now associated with a company in San Francisco producing electrical heating apparatus.

Q. What company is that?

A. The Wesix Electric Heater Company.

Q. That is the electric heater——

A. That is the heater that is advertised by the Pacific Gas & Electric Company, and by dealers all over the country.

Q. It is the leader in that field, isn't it?

A. That is from the standpoint of sales.

Q. Who is your competitor in that article?

A. Our competitors are very few. We have a few of them, because most of them yet do not believe in electric heat. We have competitors recently [134] in this business of heating water.

Q. What is the name of that?

A. That is the Wesix Electric Heater.

Q. They have been manufacturing those for fifteen to twenty years?

A. We have been manufacturing them for upwards of twenty years in San Francisco.

The Court: Proceed.

The Witness: That, I think, is sufficient.

(Testimony of Arthur Kercher.)

Mr. Flehr: Q. Mr. Kercher, are you familiar with the patent in suit? A. I am.

Q. And you have made a study of the disclosure of the patent in suit? A. I have.

Q. And also a study of the claims?

A. I have.

Q. Are you generally familiar with the interpretation of patents and the interpretation of patent claims? A. I am.

Q. You have had experience along that line?

A. Yes, sir.

Q. And, Mr. Kercher, have you studied these machines in evidence here, particularly Plaintiff's Exhibit 4, Plaintiff's Exhibit 6, and Defendants' Exhibit A? A. I have.

Q. Have you seen all of those machines operate and studied their operation? A. I have.

Q. You have studied their construction?

A. I have.

Q. I wish you would take this patent in suit, Plaintiff's Exhibit No. 1, and just describe briefly what were the prime objects of the invention set forth in that patent.

A. According to the patent, on page 1, lines 4 to 25—I will read the objects:

“It is an object of the invention to provide a machine and method of the above character which will dispense with the conventional practice of gluing together the overlapping edges of sheet material after the sheet is folded to form the bag.

(Testimony of Arthur Kercher.)

In this connection the present invention employs moisture-proof [135] 'Cellophane', which makes possible a seal between overlapping portions by the application of heat and pressure.

"Another object of the invention is to provide a machine of the above character which will not be unduly expensive with respect to first cost and maintenance, and which can therefore be used by department stores, mail order houses, bakeries, and the like, to form simple types of bags directly from 'Cellophane' stock. Up to the present time it has been customary for such establishments to purchase 'Cellophane' bags made by bag manufacturers, at a relatively high cost. My machine, because of its low cost and ease of operation, will make possible the manufacture of bags as they are required by such establishments, at a considerable saving."

Q. Now, Mr. Kercher, without going too much into detail, could you give us a general description of the machine disclosed in this patent?

A. Without going into details, the machine consists of a working table, a plate called a mandrel, which is placed above the table, the plate being movable in a vertical direction with regard to the table. It has a device which operates in an operating cycle to form a sheet material which is placed under the mandrel between the mandrel and the table, over the upper surface of the mandrel; a device which is called a retaining bar which will permit a fold to be made on one end of the mandrel and



(Testimony of Arthur Kercher.)

which is produced by a device which pushes it forward, the bottom end of the bag over the top of the mandrel. There is also a means for sealing both the longitudinal and the bottom seam simultaneously by moving down onto the top of the mandrel a heater which is in the shape of a T, and sealing them simultaneously.

Q. Now, will you describe generally, without going too much into [136] detail the method disclosed in the patent?

A. The method in forming a cellophane bag is characterized by using a plate-like mandrel or form which is shaped nearly like the desired contour of the bag, and after it is placed there it is successively folded over the sides of the bag through substantially 180 degrees; that is, it is folded right on top of the mandrel.

Q. By 180 degrees, you mean to make a complete movement of the margin?

A. A complete fold of the margin over, above and on top of the mandrel. A means for folding the projecting part of that sheet fold over the mandrel, over the end of the mandrel, and then applying heat and pressure to the top of it, sealing both the longitudinal and the bottom seams simultaneously.

Q. Now, Mr. Kercher, will you please, if you can, identify this drawing that I am handing to you?



(Testimony of Arthur Kercher.)

A. This is a drawing—this drawing that you have handed me is a drawing that was shown to me several days ago, embodying the invention as claimed in the patent, and it is a drawing of the operative part of the machine which is called the Schultz machine, I believe.

Q. Defendants' Exhibit B?

A. Defendants' Exhibit A.

Mr. Flehr: "A"; pardon me. Mr. Schapp, do you stipulate that this drawing just identified by the witness is the drawing made of the Schultz machine pursuant to the order of this Court to compel you to permit the examination of this machine—to permit the plaintiff to examine this machine and to make accurate copies of the same?

Mr. Schapp: Your Honor, I did not study over the detail of that drawing. If it is testified to that extent, I don't think it need be stipulated.

Mr. Flehr: You have had the drawing for several days, Mr. Schapp. [137]

Mr. Schapp: If you say so, it probably is.

Mr. Flehr: I suggest this: You examine the drawing, Mr. Schapp, and let me know if anything is in error.

Mr. Schapp: I will.

The Court: It will be admitted next in order.

Mr. Flehr: I offer in evidence the drawing identified by the witness.

The Court: Subject to any corrections you want to make.

(Testimony of Arthur Kercher.)

Mr. Flehr: As being a drawing of the Schultz machine, Defendants' Exhibit A.

(The drawing referred to was marked "Plaintiff's Exhibit 11" in evidence.)

Mr. Flehr: I think I might also add, your Honor, that in view of the order, certain portions of the machine have been deleted from the drawing. That was because Mr. Schapp stated before this Court that he did not think certain portions of this machine were pertinent to the issue, if you recall, particularly the means for feeding the paper into the machine and the means for discharging the bags from the machine, and the knife mechanism for cutting off the bags.

Q. Now, Mr. Kercher, I would like for you to make certain comparisons or contrasts between Plaintiff's Exhibit 4 and the Schultz machine, Defendants' Exhibit A, and I think we should get these machines together, if we can. Now, Mr. Kercher, this part that I am referring to, I believe you call that a mandrel?

A. It is essentially a mandrel, yes.

Q. Just point out briefly where that part is shown in the drawing of the patent in suit?

A. On the first page in Fig. No. 2 it is illustrated by the figure No. 36.

Q. And what is the function of that mandrel, briefly? [138]

A. The function of the mandrel is to provide a surface—a solid surface over which the sides and the ends of the bag to be can be folded.

(Testimony of Arthur Kercher.)

Q. Do you find any part of the Defendants' Exhibit A which corresponds to such a mandrel?

A. I do. In Defendants' Exhibit A the long bar supported above the bed or table of the machine is arranged for the same purpose of folding about it the bag that is to be formed by the machine.

Q. Would you please point out that part, Mr. Kercher?

A. This plate-like mandrel that is fastened at this end of the machine and extends over the table of the machine is put there for the purpose of folding over the sides and ends of the bag.

Q. This mandrel on the Gaubert machine, Plaintiff's Exhibit 4; is that movable?

A. That is movable up and down in a vertical position relative to the machine.

Q. What is the purpose of the movement?

A. To facilitate the moving of cellophane under the mandrel, either placing it in there or moving it under.

Q. On Defendants' Exhibit A, is that mandrel movable?        A. It is movable.

Q. In what respect is it movable?

A. The mandrel, while being supported on one end, is flexible at the other end; it is of considerable length, and considerable movement can take place on the end over which the bottom of the bag is folded, permitting the cellophane or the material to be used in the bag to move underneath the mandrel, between that and the table or the device upon which the bag is made.

(Testimony of Arthur Kercher.)

Q. Can you point out directly on this machine how that mandrel is movable?

A. This mandrel can be moved in a vertical position [139] by reason of the resiliency of the plate, itself.

Q. You mean the resiliency of the plate?

A. Of the plate, itself as it is fastened to the machine.

Q. Would you show the court how that is resilient, Mr. Kercher?

A. In effect, this device being flexible here, acts as a hinge, and it can move up and down like that (illustrating). In other words, the end of this mandrel can be moved in a vertical plane relative to the body of this machine.

Q. Now, have you ever seen this machine, Defendants' Exhibit A, operated at normal speed with a motor?

A. I have.

Q. Have you observed the machine closely to find out if the mandrel does move during the operation of the machine?

A. I have.

Q. Does it move?

A. It does. I have had real evidence that it moves.

The Court: Let us assume that it does. What is that the answer to?

Mr. Flehr: That is one of the defenses here; they contend, as stated in the opening statement, that their mandrel is fixed and does not move. We wanted to show that their mandrel did move in

(Testimony of Arthur Kercher.)

operation. Mr. Schultz verified that on oath that the mandrel did not move during operation. It is one of the things that they are trying to rely upon.

The Court: Did it move while it was operated over there?

Mr. Flehr: Yes, your Honor.

The Court: In what respect?

Mr. Flehr: I can show you.

The Court: Only because it is sheet iron; isn't that true?

Mr. Flehr: It had a very appreciable vertical movement. It wasn't so apparent because the machine was being turned over by [140] hand.

The Court: In any event it shot through even assuming that it moved.

Mr. Flehr: It must move to operate properly.

The Court: Assume that it does move; then what is the answer?

Mr. Flehr: We are simply showing the equivalency of those parts. They contended the parts were not equivalent because their part did not move.

The Court: All right; I just wanted to follow the testimony.

Mr. Flehr: Q. Now, Mr. Kercher, would you point out the mechanism on this Plaintiff's Exhibit 4 which folds over the side margins of the sheet?

A. In Plaintiff's Exhibit No. 4 the machine is so designed that plates—after the mandrel has been



(Testimony of Arthur Kercher.)

lowered upon the material between—on top of the plate side, the plates are successively pushed over the top of the mandrel, folding the cellophane over the top of the mandrel.

Q. Now, do you find anything in this Defendants' Exhibit A corresponding to those folding elements?

A. Yes. In Defendants' Exhibit A we find a device which is substantially equal in effect; that is produced by bringing the cellophane over the end of the mandrel at such an angle that the sides are folded successively, one side under the other side, over the top of the mandrel, so that the longitudinal seam can be sealed in one operation.

Q. Now, would you just briefly point out where you find such folding means illustrated in the patent in suit? Point it out in connection with the drawing.

A. It is indicated here in the drawing in Fig. 6 that the plates marked 28 will move over the top of the mandrel causing the sides to be folded over the top of the mandrel.

The Court: Figure what? [141]

The Witness: In Fig. 6. Pardon me, I see the plates there are in this case 44a and 44b.

The Court: 44a and 44b. Point them out on the machine.

A. They are the little plates in the operation of the machine. Your Honor, the mandrel comes



(Testimony of Arthur Kercher.)

down, the cellophane laying over the plate on the top; these plates on the side here——

The Court: Yes.

The Witness (Continuing): —over the top of the mandrel move out folding the cellophane over the top of the plate, one moving in after the other. That is in effect the same as the folding means that they have on the end of that mandrel. In other words——

The Court: The same? In what respect is it the same?

A. In that the cellophane is folded over the top surface of the mandrel. This means of folding it produces the identical effect that the other means has that is arranged on the end of the mandrel, whereas these move over the side of the mandrel.

The Court: Yes, but what similarity is there between the two?

A. It would be perfectly feasible to arrange this roll of paper in such a way that this sheet could be brought in here on this machine, which is Exhibit A, the Defendant's machine, and the folding device on this machine could be put on here to accomplish the same purpose that that does.

The Court: All right; granting that is true, what is the similarity of those two operations?

A. The similarity is that they fold——

Q. The result is the same?

(Testimony of Arthur Kercher.)

A. They fold the cellophane over the top of the mandrel.

Q. In one the fold there is without any slots in the operation; the other folds itself on account of the position of the roll and [142] the way it is fitted into that machine; is that true?

A. That is the idea.

Q. And at an angle. What similarity is there between those two?

A. The similarity is that when we read the patent claim, the patent claim does not indicate that this has to be this kind of a device; it provides means for folding the cellophane over the top of the mandrel.

The Court: That is all right.

A. Regardless of what kind of a method we use, the means which are essential perform essentially that same function.

The Court: Q. You get the result by different means? A. Yes.

Q. Then the question is, what is the similarity in the means? Only the position of the paper and the diagonal position over which it goes down, is that true? A. That is true.

The Court: All right. That is all. Pardon me for interrupting counsel.

Mr. Flehr: Q. Now, Mr. Kercher, will you point out the mechanism in this Plaintiff's Exhibit 4 for folding over the end of the cellophane over

(Testimony of Arthur Kercher.)

the end of the mandrel to which you previously referred?

A. In this machine, and in the patent, two elements are provided. In the first place, a fold retaining means, which is the part that I am pointing to here in Plaintiff's Exhibit No. 3—

Q. 4.

A. —No. 4, these retaining means are moved in the cycle of operation back and forth over the top of the mandrel and over the top of the folded sheet of cellophane so that it will provide a—it will provide a line so that the folding means on the end of the mandrel can successively raise up and fold over the end fold under the heater of the machine. You see as the machine operates now the sides are folded over the mandrel; in this case it is coming off (illustrating). We will [143] start the cycle again. Now you will notice that these fold retaining means are coming in over the top of the sheet that has been folded over the top of the mandrel. Next an end folding device arranged so that it moves up and over the end of the mandrel, folds the bottom of the bag over the fold retaining means, and holding it there until the heater comes down to the proper place and presses down and seals the bag. That is essentially the operation.

Q. You just referred to fold retaining means and to end folding means. Would you point out those parts as shown in the machine?

(Testimony of Arthur Kercher.)

A. The fold line retaining means are marked by the number 62a and 62b in what is Fig. 3 of the patent. The folding means is a device located adjacent to the end of the mandrel and is a plate marked 74 that is actuated by a device which brings the bag up and over the end of the mandrel.

Q. Now, on this Defendants' Exhibit A do you find anything in that machine corresponding to the end fold line retaining means?

A. In Defendants' Exhibit A a bar arranged near the end of the mandrel and laid across the top of the mandrel is so placed that during the cycle of operation of the machine it moves forward and back into a line adjacent to the end of the mandrel over which the end of the bag to be made is folded.

The Court: Operate that now. Cut one of those.

(The witness operated the machine.)

The Court: Where is the similarity? Now point out the similarity.

A. In this device—in the device in the patent, instead of having a solid bar that moves longitudinally back and forth over the surface of the bag which is being made on the mandrel, the Schultz machine has a bar laid across the top of the bag, and this bar, instead of moving away from the center of the [144] mandrel moves longitudinally along the mandrel, providing a space for the heater to come down and seal the bottom of the

(Testimony of Arthur Kercher.)

bag and the side of the bag occupied by the fold retaining means when it is in the position when it is folded. The fold retaining means instead of sliding from the sides of the bag are moved to a position from the open end of the bag and thus providing—moving away from the position over which the bottom of the bag is sealed.

The Court: Q. It isn't sealed on the lower seam at all? A. On the top seam.

Q. Both of them are alike in that respect?

A. Both of them are identical in that respect.

Mr. Flehr: Q. Will you point out that fold line retaining means on the Gaubert machine?

A. (The witness indicated.)

Q. I suggest that you put a piece of paper in there.

A. This fold line retaining means comes in from the side; the end of the bag is folded over that fold line retaining means.

Mr. Gaubert: I am backing the machine up to show that.

The Witness: They move away while this holds the fold down and the heater comes down and seals it.

Mr. Flehr: Do you wish to see that demonstrated any more, your Honor?

The Court: No, I think I can follow it generally.

Mr. Flehr: Q. Now, Mr. Kercher, with respect to the heater upon this Defendants' Exhibit 4, I



(Testimony of Arthur Kercher.)

believe you have already described that as being a T-shaped heater.       A. Yes.

Q. Would you please just give us a further description of that heater?

A. The heater on Plaintiff's Exhibit No. 4 is a T-shaped heater comprising a T-shaped supporting back which is [145] connected with the mechanism under the machine to move it up and down in a vertical direction. Underneath that is a heating element or heater, in this case heated by electricity, which is supported at different points so that a fairly uniform pressure will be applied to the surface of the mandrel.

The Court: Pressure or heat, or both?

A. Pressure and heat—which pressure and heat are applied to the top surface of the bag on the mandrel.

Mr. Flehr: Q. Can you state any particular advantages for that type of heater?

A. The advantages of that particular shape are that it will simultaneously seal the longitudinal and the bottom seams on the bag.

Q. Briefly, will you point out where that heater is shown in the patent in suit?

A. The heater in Fig. 1 is identified by the figure 96, and that part 96 is fastened to the point or the heater support 94, which is connected with the operating mechanism of the machine.

Q. Now, I understand that this heater on Plaintiff's Exhibit No. 4 has a continuous lower T-shaped



(Testimony of Arthur Kercher.)

area which is pressed upon the cellophane. Is that what I understood you to say?

A. It is essentially continuous.

Q. What I mean, Mr. Kercher, is that this bottom bar (indicating)—the longitudinal portion of that bar meets the transverse bar; is that right?

A. It does.

Q. Now, referring to Defendants' Exhibit A, can you point out any similarities or differences between the heater on that exhibit and Plaintiff's Exhibit 4?

A. They are essentially the same, with one exception. In the T-shaped element on Defendants' Exhibit A, a short section or notch is left in the heating surface of the heater in order that it may provide a space for the fold [146] retaining means to move back into so that it will be possible to bring the heater down on the bag. In other words, if it were not for this notch in this heating device, some different folding means would have to be built into this device, because it continuously lays on top of the bag and the bag is made and pulled up under the fold retaining means.

Q. Now, Mr. Kercher, the notch that you have pointed out, why doesn't that leave a gap in the seal on the bag; or if it does, would you please point out how the heater operates?

A. This heater operates essentially the same as the other heater in Plaintiff's Exhibit No. 4. In the machine—or, rather, I would correct that; it

(Testimony of Arthur Kercher.)

is Plaintiff's Exhibit No. 4. In Defendants' Exhibit A this heater is designed with a notch, and while the operation is essentially the same, means, as I said before, has to be provided for the fold retaining bar. In the case of Defendants' Exhibit, the folding of this bag over the mandrel, or the folding—the plate over which the bag is to be folded is extended for some distance back of this T-shaped heater, and when the heater comes down and seals the bottom and the sides of one bag a portion of the preceding bag is sealed, and that is drawn through the machine in a position where it is folded over and another bag is produced. In other words, it is just a successive operation.

The Court: Only it seals more than one bag in its operation; when it goes along it seals a portion of another bag; that is what you mean to say, isn't it?

A. In other words, if you were making a quantity of bags in the machine you would only have one more operation in order to seal the bags. That is, provided the bag is of the proper size. This sealing surface on this device can be adjusted, of course, to take care of different lengths of bag; but if this were extended the full extent up here which they did on the machine that I saw operate, a bag can still be made with the exception of this small gap in here, sealed on the longitudinal and the bottom seams without any essential difference.

(Testimony of Arthur Kercher.)

Mr. Flehr: Q. Now, Mr. Kercher, with the long bar in it, as you spoke of a moment ago, going the full length of that heater, without changing the heater, can you make both large and small bags upon the machine? A. You can.

Q. When you are making the largest size bag, how much of the succeeding bag would be sealed before that part of the paper came into the forward part of the machine?

A. If you were making the largest sized bag that it would be possible to make on the machine, all but a very small part of it, essentially the difference between the ends of these bars on the bottoms of the heaters would be sealed.

Q. Now, Mr. Kercher, would you point out in connection with Plaintiff's Exhibit 4 whether or not that machine incorporates a working table—an operating table, pardon me?

A. You have generally an operating table that is supported on four legs. The mechanism on the machine is placed above the operating table.

Q. And what is the prime function of the operating table?

A. It is to provide a base for the sealing of the bag.

Q. A base for the sealing—what do you mean?

A. It provides an anvil, as it were—some solid back so that when this bag is folded over the mandrel, when the pressure is applied to the top, certainly we must have some support under that

(Testimony of Arthur Kercher.)

mandrel in order to adjust it for the pressure that is necessary to cause the sealing of the bag.

Q. You are referring to that stationary part underneath the [148] mandrel?

A. I am referring to that stationary part underneath the mandrel.

Q. Do you find any part corresponding to that in the Schultz machine, Defendants' Exhibit A?

A. In the Schultz machine beneath the mandrel and across the end of the mandrel is placed a supporting means which is essentially a table upon which that bag is made.

Q. Would you please show the Court that supporting table?

A. We have in here a rigid, reinforced longitudinal and cross member in here which are rigidly supported by legs of the table and upon which the bag is made. When it is folded over the mandrel a heating element is pressed down on the element and sealed by heat.

Q. And would you briefly point out where that operating table is disclosed in the drawings of the patent in suit?

A. In the patent in suit in Fig. 9 it is clearly shown by the figure 10.

Q. Now, Mr. Kercher, would you please take Claim 2 of the patent and point out how you can—that is, if you can do it, point out how the elements of that claim are found in Plaintiff's Exhibit 4?

(Testimony of Arthur Kercher.)

A. In Claim 2 of the patent there is a frame forming an operating table. There is a frame here forming an operating table consisting of a plate that is placed upon legs. We have a plate-like mandrel movably secured to said table whereby a sheet of said material can be placed between one side of the mandrel and the table. That is indicated by this mandrel here that works—is movably mounted relative to the table in a vertical position. We have means for folding the side margins of the sheet over the side edges of the mandrel. Those are the sides that come over to fold the sheet over the top of the mandrel. We have means [149] for folding a projecting end over the end of the mandrel. This projecting end margin of the sheet has been obviously folded over the end of the mandrel. A means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end margin overlaps the side margins. We have a T-shaped pressing device and heater which come down on the top of the folded bag pressing and sealing the side margins and the end margins of the bag.

Q. Now, would you do the same thing, if you can, for Defendants' Exhibit A?

A. We have a frame and an operating table. In this case we have a T-shaped member that is fastened to the table, which takes the place of the plate-like mandrel in the other machine. We



(Testimony of Arthur Kercher.)

have a plate-like mandrel movably secured to such table whereby a sheet of said material can be placed between one side of the mandrel and the table. This contains a mandrel and a sheet of cellophane is placed between this mandrel and the table. We have means for folding the side margins of the sheet over the side edges of the mandrel. The cellophane is folded over the side edges of the mandrel in this machine. We have means for folding the projecting end margin of the sheet over the end edge of the mandrel. We have an end edge of this mandrel in the machine and we have means for folding the end of it back over that mandrel. And we have means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end margin overlaps the side margins.

Mr. Flehr: Your Honor, I don't intend to go over each of these different claims in detail, but I do wish to take certain representative claims and then we will introduce further evidence on it which will make it unnecessary to go over each of the claims.

Mr. Schapp: Are you through with this witness?

[150]

The Court: No, he is going to enter into a stipulation with you in relation to the claims and shorten up the proceedings.

Mr. Flehr: I think I can shorten the pro-



ceedings with Mr. Kercher. I have two more witnesses who will be short witnesses. However, I haven't them here to-day. I will have them tomorrow morning.

(Thereupon an adjournment was taken until Thursday, November 7, 1940, at ten o'clock a. m.) [151]

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Thursday, November 7, 1940

10:00 O'clock a. m.

Mr. Flehr: Your Honor, I have two witnesses here who would like to conserve time as much as possible; they are very short witnesses, and I would like to have leave to interrupt the taking of testimony of Mr. Kercher, for the purpose of taking the testimony of these two witnesses.

Mr. Schapp: That is satisfactory.

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JACK GOLDIE,

Called for the Plaintiff; Sworn.

The Clerk: Will you state your name?

A. Jack Goldie.

Direct Examination

Mr. Flehr: Q. What is your present occupation, Mr. Goldie?

A. Manager of the Hostess Cake Kitchen, Continental Baking Company.

\* Q. Are you located here in San Francisco?

(Testimony of Jack Goldie.)

A. Yes.

Q. What is the business of the Hostess Company?

A. Manufacture cakes and cookies.

Q. Can you give us some idea of the size of the company?

A. Well, we operate about 90 plants in the United States.

Q. Do you know Mr. Rene Gaubert?

A. Yes.

Q. Of Oakland? A. Yes.

Q. The plaintiff in this case. Do you know anything about the purchase of one of Mr. Gaubert's machines for the manufacture of cellophane bags by your company? A. Yes, I do.

Q. Can you tell me approximately when the first machine was purchased from Mr. Gaubert?

A. I think it was in 1934.

Q. Could you examine the machines here on the floor and pick the machine which seems to you to most nearly approximate the machine which you purchased? A. The first machine? [152]

Q. Yes.

A. Yes. Well, it is that dark machine there, that is the first machine.

Q. That is Plaintiff's Exhibit 4. Immediately before you purchased that machine what was your company using in connection with the packaging of cookies and products of that kind?

A. We were purchasing bags.

(Testimony of Jack Goldie.)

Q. What kind of bags?

A. Cellophane bags.

Q. Various cellophane bags of the type found ordinarily——

A. We were purchasing a bag that had a window in it, and it was a wax bag on the sides.

Q. I hand you Plaintiff's Exhibit No. 2 and ask you if that is anything like the bag you were purchasing.

A. Similar to that type of bag in principle.

Q. Were these bags entirely satisfactory, Mr. Goldie?      A. Not entirely, no.

Q. Could you remember any disadvantage of those bags?

A. Well, I believe a disadvantage would be they weren't—that is, they would tear when cookies were placed in them because the bag was not strong enough and consequently it wouldn't keep the cookies fresh.

Q. Why wouldn't it keep the cookies fresh, do you know?

A. Well, because paper is not as I would say—wax paper hasn't the moisture resistance that cellophane has.

Q. Did that problem exist in all of the various plants or branches of your company?

A. Correct.

Q. Was there available a so-called full cellophane bag at that time?      A. Yes, there was.

(Testimony of Jack Goldie.)

Q. Can you tell me why you didn't use such a bag?

A. Well, the price was rather prohibitive at that time.

Q. That is, bags made by gluing cellophane together? A. Correct. [153]

Q. When you purchased this machine from Mr. Gaubert can you tell us anything with respect to the circumstances surrounding your contacting Mr. Gaubert to purchase that machine?

A. You mean the start of the contact, or at the time of the purchase?

Q. The circumstances leading up to and during the purchase of your first machine from him.

A. Well, the only thing I can state would be that due to the prohibitive price of cellophane bags, why we suggested, or I suggested to Mr. Gaubert that there was a great need for a machine that could be placed in individual plants for the manufacture of cellophane bags, because of the convenience it would be to the manufacturer as well as the tremendous lowering of cost.

Q. You made that suggestion sometime before you purchased the machine from Mr. Gaubert?

A. That's right.

Q. Then at a later date Mr. Gaubert did make and deliver the first machine to you?

A. That's right.

Q. Do you recall contacting him in between

(Testimony of Jack Goldie.)

that, the time of that suggestion, and the time of the delivery of the machine?

A. There were numerous times that he came to our plant and told of the progress he was making with the machine.

Q. Do you recall anything about the delivering of that machine, that is, how it operated; that is, if it operated successfully, or how?

A. Yes, it did. Of course, naturally, any machine that is placed into a practical operation has its simple difficulties, but they were not to any extent. The machine was brought up to our plant and put into operation, and it did a very good job.

Q. Do you recall the type of operator you put on that machine?

A. Yes. We put a girl on it.

Q. Was it a skilled girl, or unskilled?

A. She was unskilled at [154] the time she went onto it. She was skilled in the methods employed there, but not skilled in the handling of bag machines, because she never saw one before.

Q. Do you recall how long it took to train that girl to operate this machine?

A. Well, of course, seeing the principles were very simple it didn't take very long; I think it took a day or two, but she was soon onto the running of it.

Q. Did you subsequent to that date buy additional machines from Mr. Gaubert?

(Testimony of Jack Goldie.)

A. Well, our company purchased, I think, I don't know the exact number, because, naturally, we are all over the United States, but we purchased a number of machines from Mr. Gaubert for our different plants throughout the country.

Q. Well, in general, can you tell me what this machine meant to your company?

A. Well, of course, the purpose that the machine accomplished was the economic effect it had on our costs; it made a great saving in our wrapping material by reducing the cost of our bags approximately, I would say, about 50 per cent., 60 per cent.

Q. Do you recall the approximate speed of this machine, how many bags it makes?

A. I think at the time it was around 800 bags an hour, 800 to 900, something like that speed.

Q. The bags you make on the machine, are those working satisfactorily, are those bags satisfactory?

A. Yes.

Q. I am speaking now in contrast, or a comparison with the half cellophane bag, like Plaintiff's Exhibit 2.

A. It was a much better bag, naturally.

Mr. Flehr: That is all.

Mr. Schapp: No questions.

The Court: Q. Tell me, how far east do you go? A. To the Atlantic. [155]

Q. How long have you been in this business?

A. 15 years.



(Testimony of Jack Goldie.)

Q. These machines, do you know whether they are used in the East?

A. I think we are using them as far east as Detroit; I am not sure of New York, I think there is one in Hoboken; I am not sure.

Q. How long have you been located in San Francisco?      A. Nine years.

Q. Each separate unit operates separately?

A. I operate the one unit, this one plant.

Q. How many other plants in California?

A. I think seven plants.

Q. Where is your place of business here?

A. 1501 Bryant.

Q. How many employees have you?

A. We have approximately about 140 people in this one plant.

Q. Just what do you manufacture?

A. We manufacture packages cakes and cookies.

Q. Packaged cakes and cookies. How many people did you say?      A. 140 people.

The Court: I think that is all; thank you.

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WILLIAM J. MEDER,

Called by Plaintiff; Sworn.

Mr. Flehr: Q. What is your occupation, Mr. Meder?

A. Manager of Mother's Cake & Cookie Company, of Oakland.

(Testimony of William J. Meder.)

Q. You reside in Oakland? A. Yes.

The Court: Q. Is this your competitor who just left the stand? A. Yes, sir.

Mr. Flehr: Q. Can you tell me the business of the Mother Company?

A. We manufacture cakes, soft cakes, cookies and crackers.

Q. Can you tell me the extent of your company's activities?

A. Well, we sell from the Mexican border up into Oregon, cover all [156] of California and come into Salt Lake.

Q. Approximately how many units do you have in your corporation?

A. There are 108 trucks selling for us now.

Q. You mean you only have one plant, and you have these 108 trucks? A. 108 trucks, yes.

Q. How many plants do you have?

A. Just the one plant.

Q. Located in Oakland? A. Yes.

Q. Do you know Mr. Rene J. Gaubert, the plaintiff in this case? A. Yes.

Q. Have you purchased any cellophane bag making machines from Mr. Gaubert? A. Yes.

Q. Do you recall approximately when you purchased the first machine from Mr. Gaubert?

A. As near as I can recall, around 1934 or '35.

Q. Among the machines on the floor, here, can

(Testimony of William J. Meder.)

you pick out the machine which to you approximates the machine which you first purchased?

A. The end machine with the roll on top.

Q. That is Plaintiff's Exhibit 4. Do you know whether the machine that you first purchased was one of the first manufactured by Mr. Gaubert?

A. I understand it was the second machine that he took, that is, for sale.

Q. Had you known Mr. Gaubert before that time?

A. Yes, I had known him for a year and a half or two years.

Q. Now, about the time you made this purchase from Mr. Gaubert, say in 1934 or 1935, what were you doing for cellophane bags in your establishment?

A. We were using a laminated wax bag with a cellophane face.

Q. Was that bag something like Plaintiff's Exhibit 2?

A. Yes. The cellophane was not as wide and this is only a single sheet. We were using a double wax sheet, two pieces of paper glued together with wax, and then the cellophane strip used through the center. [157]

Q. Was that bag entirely satisfactory?

A. No, it was not.

Q. What were some of the difficulties you had?

A. Well, we found the two sheets of wax would come apart under various climatic conditions, and

(Testimony of William J. Meder.)

would leave moisture into the bag and cause the cakes and materials in the bag to go soft, and also we found the price of that bag was fairly high and it seemed that the company that was making them was boosting the price continuously.

Q. Was there any other bag available to you at that time?

A. There was an all-cellophane bag.

Q. Was that bag made of a piece of paper with edges glued together?

A. That bag was made out of all-cellophane glued with an adhesive.

Q. Why didn't you use the all-cellophane bag?

A. The price was prohibitive.

Q. You say you did know Mr. Gaubert at a time before you purchased the machine from him. Did you know what Mr. Gaubert was doing in the way of developing such a machine before you purchased the machine from him?

A. Yes, I did know he was working on a machine.

Q. Did you see him working upon that machine?

A. Yes. He invited me out to take a look at a rotary cake-wrapping machine he was working on. I remember the incident very well, because I was very much put out due to the fact that the firm that was making these cellophane bags were continuously upping the price and when Mr. Gaubert showed me this cake-wrapping machine he was

(Testimony of William J. Meder.)

working on I made the suggestion that he should make a machine to make cellophane bags, and he took me by the arm and said, "Come back here, I want to show you something." And he showed me another machine made out of wood that he claimed he could develop [158] to make cellophane bags.

Q. Do you see anything on the floor, here, like that machine?

A. This machine, here, is the one he showed me.

Q. The machine is Plaintiff's Exhibit 3.

A. Of course, I encouraged him, because that was just the thing that I had been looking for.

Q. Do you recall when you placed the order for the machine which you subsequently purchased?

A. It appears to me that it was right close to the end of 1934, or the first of 1935.

Q. Then, did I understand you to say you contacted, or visited Mr. Gaubert—strike that.

Did you visit Mr. Gaubert's shop between the time of the visit when you saw this wooden model, Plaintiff's Exhibit 3, and the time he made delivery to you?

A. We visited back and forth. Of course, I was very much interested in the machine and any suggestion that I had that would help him develop it, of course he was welcome to it.

Q. This machine, when you purchased it from Mr. Gaubert, how did it operate? I mean from the standpoint of success or failure, did it work well?



(Testimony of William J. Meder.)

A. Yes. It was much cheaper. It holds the goods fresher a much longer time.

Q. Is the machine easy to operate for an ordinary girl?      A. What is that?

Q. How easy was the machine to operate for a girl?

A. Of course, you can put any girl on it and she would be rather slow to start, but within a very short time why she would be making seven to nine hundred bags an hour.

Q. That is, according to your understanding, then, this machine indicated as Plaintiff's Exhibit 4 makes from seven hundred to nine hundred bags per hour?      A. Yes. [159]

Q. So far as you are concerned, what did having this machine mean to your company? Did it aid your company in any way?

A. Yes. It, of course, keeps the goods fresher and that has stimulated the sale of cookies, especially during the winter, damp season, and it also cut down any price ups that we had so often; also made it possible for us to slightly increase the quality or quantity of our goods in direct proportion to the savings we made.

Q. About these different bags you make on Mr. Gaubert's machine, can you give me any idea of the relative cost as compared to the window type cellophane bag which you had previously used?

A. Yes. I took occasion to look at it, look that



(Testimony of William J. Meder.)

up, and I will quote from the record. In December, 1934 cellophane bags 51½ by 11½, our records show we paid \$6.65 per thousand. On present cellophane bags 3 MST, moisture-proof, manufactured with our own machine, 51½ by 11½, costs us \$3.69 per thousand. I also called up Zellerbach & Company——

Q. Well, just a moment. You mean recently?

A. Yes. You don't want that?

Q. Well, have you reference to any records which you had back of that time which would give the cost of the all-cellophane bag?

A. No, because we didn't use the all-cellophane bag.

Q. Do you recall approximately what the quotation was at that time?

A. It appears to me that we saved between 40, 50 and 60 per cent. over the all-cellophane bag. I know the all-cellophane bag was so high we didn't even consider it.

Q. Subsequent to your purchase of the first machine from Mr. Gaubert, did you purchase any additional machines from Mr. Gaubert?

A. We purchased an additional one a year to a year and a half later.

Mr. Flehr: That is all. [160]

The Court: Any questions?

Mr. Schapp: No questions.

The Court: Q. Tell me, you say your company goes so far east as Salt Lake? A. Well——

(Testimony of William J. Meder.)

Q. Do you have your own baking plant there?

A. No. We ship mostly cookies and crackers.

Q. What about the cakes?

A. Well, we don't ship the cakes that far.

Q. How far do you ship the cakes?

A. We only ship cakes where we can get over-night service by express. Beyond that it is all cookies and crackers.

The Court: That is all; thank you.

Mr. Schapp: No cross-examination.

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Mr. Flehr: I asked Mr. Schultz to produce certain things. I asked Mr. Schultz to produce certain documents.

Mr. Schapp: Yes.

Mr. Flehr: Is he ready to produce them?

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CHARLES F. SCHULTZ,

Recalled by Plaintiff; Previously sworn.

The Witness: I will show you the three things you asked for. You asked me to verify a date. This is our heater showing the arrangement of the springs for the distribution of pressure down. You mentioned the three bolts that hold the heater in place. The machines we have manufactured were manufactured with two bolts. The machine that you see in our plant, that you saw in our plant, and

(Testimony of Chas. F. Schultz.)

from which you made your drawing, had three bolts holding this here. That is the only machine that I recall that we have used the three bolts, and that machine has been used for our own purpos- [161] es. It has not been sold. It is possible to use two or three bolts; one at the extreme end, also one at the other extreme end of the heater. It is also possible to use three bolts at the extreme ends of both heaters.

Q. Mr. Schultz, why did you make the one with three bolts?

A. We made the one with three bolts as an experiment to see whether it would hold these heaters more securely than the two.

Q. To make that clear, as I understand what you are saying, as I understand what you say here, you attach this heater structure to a casting on the back by means of two bolts and one bolt attached here; is that correct?

A. It is attached here.

Q. How was it attached?

A. It is tapped and a stud is screwed into the heater.

Q. It is also bored and bolted to the stud, screwed into that?

A. Yes.

Q. At the other extreme end of the leg of the T you say you did make one in which you used a bolt?

A. A bolt.

Q. At the end of the leg of the T?

A. That's right.

Q. Then you tapped in at the end of the—

A. The other heater, yes, as an experiment to see which was best.

Q. Which was best?

A. We haven't decided. We can use either.

Q. Isn't it true, Mr. Schultz, that when you use three bolts and then by adjusting those bolts you can adjust very readily the position of the heater so that it is properly prepared for the mandrel?

A. The fact remains you naturally adjust it to the position and with two bolts it is important that these springs are exactly the same length. With the three bolts it is possible to cut these springs at random lengths and, as you suggested, by adjustment hold this thing in alignment, either being perfectly satisfactory. [162]

Q. That, then, would be a three point attachment?

A. As my knowledge of your experiment goes, your three points of attachment, as you recall, are spoken of as pads. Do you recall that? They are not spoken of as studs, they are spoken of as pads, and also it says these pads are to equally distribute the pressure on the heater. Your three points mentioned in your patent, as I understand it, are to press all three studs with pressure down on the heater, and there is nothing said about the attachment up; it merely fastens the heater in place.

Q. How about those three studs?

A. What do you mean, how about the three studs?

(Testimony of Chas. F. Schultz.)

Q. I mean you told me that our structure—I will ask you—I will ask you specifically if what you had was not a form of three point attachment between the bag and the heater?

A. The one you have referred to, there are two directions of force, one is the pressure down and one is pressure up. If you speak of the pressing to hold it in place with three points—if you are speaking of holding it in place there is something else to mention. That is what I referred to. You talk about the three points of pressure down in the form of pads. They are spaced on there, one in the center and two pads pressing down at spaced intervals on the T portion of your heater.

Q. But you do have a three point attachment between the bag and the heater?

A. In one portion we have three points of attachment.

Q. When the heater comes down upon the mandrel is there any movement between the stud and the bag?

A. Depends on the adjustment of the heater. If the machine is adjusted and held down there may be some movement in the pressing of these springs upon our machine. There may be some swinging of the casting, itself, in the construction of the defendant's machine, or plaintiff's [163] machine.

Q. In other words, you don't adjust the machine so there is any spring in the coil spring?

A. Not appreciably.



(Testimony of Chas. F. Schultz.)

Q. So the coil spring simply becomes a convenient pressing means between the bag and the heater?

A. That is correct, and also if the studs should get out of alignment, if a stud or any other part should become not in perfect alignment with the heater, that is the purpose of the springs; they are adjusted to work continuously to any degree.

Q. But ordinarily you get a line on the machine by adjusting the studs and then the studs are tightened up rather tightly so when the heater comes down there is no movement between the studs——

A. Well, in practice I have seen a slight movement. As we try to adjust the machine we try not to have that, but it is physically impossible to keep it from working to some extent, depending upon if everything were in perfect alignment. It is not necessary for them to move.

Q. In other words, you do not normally expect to have the movement?

A. We would rather not have a large amount of movement, because it causes the studs to wear in the holes.

Q. When this heater is operating those springs do not act as——

A. (Interrupting) They act in one sense to equally distribute the pressure there. That is the primary function there. The next function is——

Q. Well, answer the question.

A. If I understand your question, the machine has served its purpose if we watch the studs and



(Testimony of Chas. F. Schultz.)

keep adjusting until the movement is very, very slight or nil.

Q. In other words, ordinarily as you adjust those studs the springs would operate as a cushion when the heater comes down and goes back up?

A. Ordinarily. I don't believe, however— [164]

Q. Now, did you produce another part of your machine?

A. You asked for the lock that we have that holds on our plate. This is the only one we had available. It consists of the two prongs and a bolt straight through. There is a handle so it can be locked so as to make it rigid.

Mr. Flehr: I offer in evidence the lock produced.

The Court: Admitted and marked.

(The device was marked "Plaintiff's Exhibit 12.")

Mr. Flehr: Q. I will also offer in evidence the additional bracket—what do you term that, Mr. Schultz?

A. We call it the foot for the plate?

Mr. Flehr: The bracket, foot for the plate, on the mandrel.

(The device was marked "Plaintiff's Exhibit 13.")

Mr. Flehr: Q. You say with the heater constructed as you have described it with respect to Plaintiff's Exhibit 12 you have constructed such a machine that has been used in your establishment?

(Testimony of Chas. F. Schultz.)

A. We have demonstrated it in our establishment. We are not using it.

Q. You mean it was demonstrated to some prospective purchasers?

A. No. We demonstrated it just as experiment to see how that part would work, and it so happens we are not using the machine. The machine may be sold later but it has not been sold to date.

Q. Do you mean you used it experimentally?

A. Yes, we do a great deal of experimenting.

Q. I believe I asked you to produce certain records, Mr. Schultz.

A. I looked for a date and I find the sale to Koster Candy Company, instead of 1938, as I remembered, was in 1939.

Q. I asked you to produce certain records——

A. There was no signed order taken from Mr. Koster.

Q. Mr. Schultz, if you remember your testimony, I believe you [165] first said that sale was in 1937, if I remember correctly.

A. I said 1937, changed it to 1938.

Q. Now, you change it to 1939.

A. I had not looked up the matter. I was quoting from memory. I looked it up and find it is 1939.

Q. When did you first commence the distribution of your machine?

A. We developed our machine, as I remember, in 1935 and '36.

Q. I believe yesterday you said 1937.

(Testimony of Chas. F. Schultz.)

A. 1936.

Q. 1936. What record have you of that?

A. Not available at the present time.

Q. What do you mean, not available?

A. Well, I don't know what kind of records you require.

Q. Do you have any drawings of your machine dating back to that time?

A. We have none dated at that time, I don't believe.

Mr. Flehr: That is all.

### Cross Examination

Mr. Schapp: Q. Mr. Schultz, may I just ask you a question or two? A. Surely.

Q. In connection with the three-point attachment. Have you studied the Gaubert patent?

A. I understand it very thoroughly.

Q. Just what does the Gaubert patent refer to as consisting of three-point attachment?

A. As I recall from the study——

Mr. Flehr: Just a moment. This man has not been qualified as a patent expert, your Honor.

Mr. Schapp: Well, he is an inventor, himself. He is the defendant in the case. He is qualified—he has testified about machines. He ought to know something about the machine.

Mr. Flehr: A man is called under Rule 43B for cross-examination. Do you wish to make him your witness?

(Testimony of Chas. F. Schultz.)

Mr. Schapp: No. This is for the purpose of cross-examina- [166] tion.

Mr. Flehr: I am sorry, but it is improper, your Honor, for this man to cross-examine his own client.

Mr. Schapp: But you went somewhat out of your way in introducing the defendant.

Mr. Flehr: But it is perfectly proper for me to cross-examine the witness, Mr. Schapp.

Mr. Schapp: Q. Mr. Schultz, let me ask you another question. I wish to read to you from the Gaubert patent.

Mr. Flehr: Just a moment, Mr. Schapp. What is the purpose of this questioning?

Mr. Schapp: Well, I want to bring out in more detail about these pads you have been talking about.

Mr. Flehr: Are you going to ask him to interpret the patent?

Mr. Schapp: No. I am going to read to him.

Mr. Flehr: I object to any question along this line as cross-examination of his own client.

The Court: He is limited, of course, to the scope of direct examination.

Mr. Flehr: Limited to the scope and I think cannot ask leading questions.

Mr. Schapp: Very well. I will put it off until later.

The Court: You can make him your own witness if you want to. Is that all for this time?

Mr. Schapp: Yes, that will be all at this time.

The Court: All right.

ARTHUR JEROME KERCHER,

recalled;

Direct Examination

(Resumed)

Mr. Flehr: Q. Now, Mr. Kercher, I believe at the time you [167] interrupted your testimony you had applied Claim 2 to the patent in suit, of the patent in suit, to both Plaintiff's Exhibit 4 and Defendants' Exhibit A. A. Yes.

Q. Will you take Claim 3, and, if you can, apply it to Plaintiff's Exhibit 4, take it element by element?

A. In Claim 3 as it applies to Defendants' Exhibit A, we have here, "A frame forming a working table, a plate-like mandrel movably mounted with respect to the table whereby a sheet of said material may be placed between said mandrel and the upper surface of the table, means for folding projecting side margins of the sheet over the side edges of the mandrel, means for folding a projecting end margin of the sheet over one end edge of the mandrel, and retractable fold line retaining means adapted to be interposed within the last-mentioned fold."

This claim in Plaintiff's Exhibit 4 is also represented by a "frame forming the working table, a plate-like mandrel movably mounted with respect to the table whereby a sheet of said material may be placed between said mandrel and the upper surface of the table, means for folding projecting side mar-



(Testimony of Arthur Jerome Kercher.)

gins of the sheet over the side edges of the mandrel, means for folding a projecting end margin of the sheet over one end edge of the mandrel, and retractable fold line retaining means adapted to be interposed within the last-mentioned fold."

Now, in regard to this machine, it is apparent that both means are constructed substantially in the same way. In other words, the parts that function to do these things are equivalents. I explained that by this means it is perfectly obvious that it is the different type of device to accomplish the method of folding the projecting side margins of this cellophane over this bar.

Q. In that connection will you point out the way in which these [168] two rollers operate on Exhibit A?

A. I was about to continue the explanation, your Honor, and indicate to you why this device is made in this manner, and why it is built in this way. As I stated yesterday it is perfectly obvious if you took a sheet of paper, or sheet of cellophane, and it had some considerable distance, it would be possible to apply the side blade of Plaintiff's device No. 4 over the side of this mandrel, and if this material, cellophane, by over-lapping edges on top of the mandrel, that can be accomplished and the device in this machine, on the end of the mandrel, this device simply means that this whole mechanism can be shortened, because drawing this cellophane over the edge of the mandrel, here, permits a loosening on the side



(Testimony of Arthur Jerome Kercher.)

of this cellophane, permitting it to be easily folded over the top of the mandrel. For instance, when you are going around a corner, when you are going around two sides of a triangle it is a shorter distance across between the ends of the triangle, the hypotenuse, it is simply a shorter distance than the sum of the two sides. So this sheet has a looseness on the side. That is not necessarily the folding means. The folding means in this machine are two rollers which perform three functions. They serve to fold a sheet of cellophane material which is introduced over the end of this mandrel; they serve to tighten the cellophane material over the sides of the mandrel, and also they tend to hold that cellophane in place when the heater comes down and makes a longitudinal seal of the cellophane on the mandrel.

In Plaintiff's model, No. 4, Exhibit 4, we have an equivalent device. The two blades which operate successively attaching, or controlling the movement of cellophane over the top of the mandrel. There are springs under those blades, they are rather difficult to see in this machine, but they perform exactly [169] the same function, in substance the same thing as the roller was on Defendants' Exhibit A. These plates here serve the function of not only helping attach it there but they hold it in contact with this mandrel and they hold it while they tighten it on the mandrel, and they hold it while the heater comes down. Referring to the patent in

(Testimony of Arthur Jerome Kercher.)

suit, I think you will—referring to the drawing on Fig. 14, there are indicated under the side plate, or the plate that folds the cellophane over the top of the mandrel in the Gaubert patent, certain springs, a series of springs; they are marked with the figures 58; in the Fig. 15 they are shown as dotted lines which extend for some distance below the surface of the plate which causes the cellophane to be moved over the sides of the mandrel. Referring to the patent again, on page 2, we have in the specification in the right-hand column near line 55 a description which I will quote:

“The under side of each folding member carries a plurality of spaced leaf springs 58. These springs gently engage the upper surface of the mandrel, to facilitate formation of a distinct fold to somewhat tighten the sheet upon the mandrel, and to hold the folded margins during the sealing operation.”

We have equivalent means in the defendants' Exhibit A. These means are these two rollers that are set on an angle, so designed that when this material is primarily folded under that they tend to fold, continuously fold this loosened material over this mandrel. They tend to tighten the material on the mandrel, and they also hold the material on the mandrel while this is coming down.

Q. What is it about these rollers on Defendants' Exhibit A which causes them to exert a tightening effect upon the cellophane?

(Testimony of Arthur Jerome Kercher.)

A. They are set, you will note, on an angle, and they are ad- [170] justed in a manner that would cause the cellophane to roll together over the edges of the thing. You can visualize that by trying to run a belt over or on pulleys which are out of line. The belt will continuously run off one side. This is simply an adaptation of that principle.

Q. Mr. Kercher, would you refer to Claim 18 of the patent in suit and briefly apply that element by element to the two structures, Plaintiff's Exhibit 4 and Defendants' Exhibit A, if you can?

A. In Claim 18 we have, "In a machine for forming bags from sheet 'Cellophane' or like material, a mandrel, means for folding over side and bottom margins of the sheet over the mandrel through angles of substantially 180 degrees, thereby forming a T-shaped overlap area on one side face of the mandrel."

It is quite evident that both sides of the cellophane in this machine are folded over substantially 180 degrees; also the end of the sheet that projects over the end of this mandrel is folded over substantially 180 degrees, also the end of the sheet that projects over the end of this mandrel is folded over substantially 180 degrees. We have also "A heater having a similar T-shaped heated surface." You have a heater which has a T-shaped heated surface which corresponds to the sealing of the overlap on the bag that is being made on the mandrel, and "Means for pressing said heated surface upon said

(Testimony of Arthur Jerome Kercher.)

overlap area." We have here a mechanism operated by a cam system which draws down the pressing means, which in this case is heated on an overlapping area of the bag.

In Plaintiff's Exhibit 4 we have a mandrel. We have means of folding over side and bottom margins of a sheet of cellophane over this mandrel and you have the substantial 180 degrees. We have a heater having a similar T-shaped heated surface, and there [171] are means here which are obviously for pressing the said heated surface upon the said overlap area.

The Court: We will take a recess.

(After recess:)

Mr. Flehr: Your Honor, you will probably recall at the time I made my opening statement I said that I might ask that Claim 11 be withdrawn as the evidence would develop in this case. Now, Mr. Schultz's testimony with respect to this heater is at variance with the pleadings. The matter really is not of sufficient consequence to argue about, so I would like to have leave and I ask leave to withdraw Claim 11 without prejudice.

The Court: So ordered.

Mr. Flehr: I would like to explain also that at the time I made my opening statement I made one statement which was at variance with the pleadings; that covers the numbering of the claims upon which we were relying. I explained about Claim 19, which has been cited in the pleadings as also being in-



(Testimony of Arthur Jerome Kercher.)

fringed, and I would like to correct that statement.

Mr. Schapp: That is correct.

Mr. Flehr: Q. Now, Mr. Kercher, would you apply Claim 14, take Claim 14, and, if you can, apply that claim to the method carried out in the Plaintiff's Exhibit No. 4.

A. Claim 14: "In a method for making bags from sheet material like 'Cellophane', characterized by the use of a plate-like mandrel having a contour corresponding generally to the contour of the finished bag."

We have in Defendants' Exhibit A a plate-like mandrel that has a contour which is substantially the contour of the finished bag.

"Arranging the sheet of material adjacent one side of the mandrel." [172]

In this machine a sheet of material has been passed under the mandrel and consequently it is on one side of the mandrel.

"Successively folding the projecting side margins of the sheet through angles of substantially 180 degrees and over the side edges of the mandrel."

That element is also incorporated in this Exhibit A, in that the cellophane sheet is folded substantially at an angle of 180 degrees and over the side edges of the mandrel.

"Folding a projecting end margin of the sheet through an angle of substantially 180 degrees and over the adjacent end edge of the mandrel, whereby both the folded side and end margins are in substantially a common plane."

(Testimony of Arthur Jerome Kercher.)

It is evident in this Exhibit A that the end of the bag projecting over the end of the mandrel is folded over the top face of the mandrel, and very substantially in a common plane.

“And then applying pressure and heat to the overlapping portions of the folded side margins of the sheet and also to that portion of the end margin overlying the folded side margins.”

That is evident here, because the heating device is so arranged that heat is applied to folded side margins and over the overlapping end margin of the sheet.

This is also accomplished in Plaintiff's Exhibit 4. We have a method of making bags from sheet material like cellophane and it is characterized by the use of a “plate-like mandrel having a contour corresponding generally to the contour of the finished bag, arranging the sheet of material adjacent one side of the mandrel.”

In this case the sheet of material is placed under the mandrel.

“Successively folding the projecting side margins of the sheet through angles of substantially 180 degrees and over the [173] side edges of the mandrel, folding a projecting end margin of the sheet through an angle of substantially 180 degrees and over the adjacent end edge of the mandrel, whereby both the folded side and end margins are in substantially a common plane.”

That is accomplished in this machine essentially the same as it is accomplished in the other one.



(Testimony of Arthur Jerome Kercher.)

“And then applying pressure and heat to the overlapping portions of the folded side margins of the sheet and also to that portion of the end margin overlying the folded side margins.”

It is quite evident they are folded over on a common plane, because the mandrel happens to be flat. It is evident that there is an overlap of the cellophane on the mandrel. The end is folded over the end of the mandrel and the pressure or heating means applies pressure and heat that is T-shaped, and folds on top of the mandrel.

Q. Mr. Kercher, you have applied claims 2, 3, 14 and 18 to both Plaintiff's Exhibit 4 and Defendants' Exhibit A.      A. I have.

Q. Can you similarly find the elements of the remaining claim in suit in both Plaintiff's 4 and Defendants' Exhibit A?      A. I do.

Q. Have you prepared an analysis of all of the claims in suit as a summary of your testimony in conjunction with the claim No. 11?      A. I have.

Q. Can you identify the paper I am handing to you?

A. This is a copy of the claims in suit which I have in fact just been talking about. I have been taking the claims element by element and referring to the machine in one instance, and in the other instance I referred to them by numbers on a drawing which indicates the different parts on the machine.

Q. In other words, by following that analysis

(Testimony of Arthur Jerome Kercher.)

one would find the [174] parts in the Schultz machine corresponding to Defendants' Exhibit A?

A. They would.

Q. By reference to the numbers upon the drawing Plaintiff's Exhibit 11? A. Yes, sir.

Mr. Flehr: I offer in evidence the analysis of the claims which the witness has just testified as illustrative of the witness' expert testimony.

Mr. Schapp: Have you an extra copy of that, Mr. Flehr?

Mr. Flehr: Yes, I have.

Mr. Schapp: Will you give me one?

Mr. Flehr: Yes, indeed. I ask that be marked Plaintiff's Exhibit No. 14.

The Court: Have you a copy for counsel?

Mr. Flehr: Yes, I have.

(The document was marked "Plaintiff's Exhibit 14.")

Mr. Flehr: Mr. Schapp, I wish to put in evidence a bag as made by Defendants' Exhibit A. Could you let me have such a bag?

Mr. Schapp: Beg pardon?

Mr. Flehr: I say I wish to put in a bag in evidence such as made by Defendants' Exhibit A.

Mr. Schapp: Have you got a bag, Mr. Schultz?

Mr. Schultz: We haven't one here. We can make one during recess, or sometime.

Mr. Schapp: We will certainly do that.

Mr. Flehr: How about these bags, here?

(Testimony of Arthur Jerome Kercher.)

The Court: There are some there.

Mr. Flehr: May I take one of these?

Mr. Schultz: They are not perfect, but you may take that.

Mr. Flehr: I offer in evidence a bag produced by the machine, [175] Defendants' Exhibit A.

The Court: Admitted and marked.

(The bag was marked "Plaintiff's Exhibit 15.")

Mr. Flehr: Also at this time I offer in evidence a circular of a machine corresponding generally to Defendants' Exhibit A.

The Court: Admitted next in order.

Mr. Flehr: To be marked Plaintiff's Exhibit 16.

(The document was marked "Plaintiff's Exhibit 16.")

Mr. Flehr: I also offer in evidence a group of five photographs of a machine corresponding generally to Defendants' Exhibit A, to be marked Plaintiff's Exhibit 17.

(The five photographs were marked "Plaintiff's Exhibit 17.")

Mr. Schapp: Your Honor, to this I object as applying to the latest machine that was not manufactured until 1940.

Mr. Flehr: This, your Honor, is simply a photograph of an automatic machine manufactured by Mr. Gaubert. I simply wish to put it in the record for the sake of completeness in case that machine is taken away from the court.

The Court: It will be admitted and marked.

(Testimony of Arthur Jerome Kercher.)

Mr. Flehr: I offer in evidence a photograph of Plaintiff's Exhibit 6, the same to be marked Plaintiff's Exhibit 18.

(The photograph was marked "Plaintiff's Exhibit 18.")

Mr. Flehr: Q. Mr. Kercher, have you studied the various prior art patents which are cited in the answer to the complaint in this case?

A. I have.

Q. And are you thoroughly familiar with that prior art?

A. I have studied it to some extent and I think I am familiar with them.

Q. Do you find in the prior art anything disclosing the combination of elements in the claims in suit? A. I do not. [176]

Q. In general, what can you say with respect to the results accomplished by the two machines, Plaintiff's Exhibit 4 and Defendants' Exhibit A?

A. The results accomplished are certainly different than anything that was accomplished by any of the devices illustrated in the prior art, which would indicate that the invention of the machine patented by Mr. Gaubert is rather a pioneering device, and I saw nothing in the prior art that would indicate the completeness of the elements in the claims that would permit anybody to design such a machine without considerable experimentation and invention.

(Testimony of Arthur Jerome Kercher.)

Q. With respect to the bags produced by the two machines, will you point out generally whether they are similar or different?

A. The bags are similar. They are made by the same method and same material being use, and same adjustments on the machine being made, they would necessarily be identical.

Q. Mr. Kercher, are you familiar with Plaintiff's Exhibit No. 6, the automatic machine?

A. I am.

Q. Have you studied that machine from the standpoint of determining whether or not it also embodies the combination of elements recited in the claims in suit?      A. I have.

Q. Do you find those combinations in Plaintiff's Exhibit 6?      A. I do.

Q. Then you would say that Plaintiff's Exhibit 6 also embodies the invention of the patent in suit?

A. Yes.

Q. Mr. Kercher, have you seen a moving picture of a machine corresponding to Defendants' Exhibit A?      A. I have.

Q. And saw the action of it when it is in normal operation?

A. I did. I desired to visualize and show that the mandrel moves vertically, up and down on the table.

Q. That is during the normal operation of the machine?      A. Yes [177]

Q. When it is driven from an electric motor?



(Testimony of Arthur Jerome Kercher.)

A. Yes.

Mr. Flehr: Do you wish to see that moving picture now, your Honor? It will only take a very short time, and I would like to put it in evidence.

The Court: Very well. How are you going to set it up?

Mr. Flehr: It won't take but a moment. Do you wish to take a recess while we are setting it up?

The Court: Go ahead and set it up.

(During the showing of the moving picture the following proceedings took place.)

Mr. Flehr: Will you point out the action of the machine?

The Witness: You will notice that the plate upon the bed of the machine is this line in here. You will notice that thin line moving up and down on that bed. That is the sheet of cellophane wrapped around the mandrel. This is better indicated in this picture, the point about the mandrel which moves up and down each time the heater moves up and down on the bed of the machine.

Q. The back part of the mandrel, there, is that also moving?

A. The back part of the mandrel is moving but not quite as much, because that is the rear end.

Q. Could you tell how these pictures have been taken, at what speed?

A. These pictures have been taken at several speeds. They were taken at 64 pictures a second, 32, and at the regular camera speed.



(Testimony of Arthur Jerome Kercher.)

Mr. Flehr: I don't know whether you can see the action back there, or not, your Honor. It is rather difficult to see it.

The Court: What causes the movement?

The Witness: The movement is caused in the machine for two reasons. In one case the heater presses the mandrel down on the bed of the machine and it naturally springs back. In the other [178] case the feeding mechanism lifts while it is pulling the cellophane over the mandrel, lifts it up.

The Court: Is a vacuum caused there?

The Witness: I don't think a vacuum has anything to do with it, your Honor.

The Court: All right. Put it on slow motion then and we will see. Cut down your speed.

Mr. Flehr: This is slow motion, your Honor.

The Court: He can put it on slower. Is that an Eastman or a Bell?

Mr. Gaubert: This is an Eastman, your Honor.

The Court: Well, the Bell is the best machine, isn't it?

Mr. Gaubert: Yes, it is.

The Witness: Your Honor, this is the mandrel on the machine. That is the part that comes forward. The picture a little later will show a little different view. It will show it larger.

The Court: Is that the paper or the tongue?

The Witness: The cellophane in this case is folded around the mandrel.

(Testimony of Arthur Jerome Kercher.)

The Court: Where does the fold go, on top or on the bottom?

The Witness: The fold is on the top. This, here, shows the fold and the end means that moves back and forth. It is a distinct vertical motion of the mandrel on the bed of the machine.

The Court: Yes; there it is. Now I can see it. Now I see what causes it. It is that attachment.

The Witness: The feeding device has a tendency to lift it.

The Court: Yes.

Mr. Schapp: Your Honor, so I won't have to repeat on this, may I ask two questions?

The Court: Certainly. [179]

Mr. Schapp: On cross-examination.

The Court: Certainly.

Mr. Schapp: Q. Mr. Kercher, you see some bolts sticking up here with a head on the top, a nut. If that nut was screwed down would it still have the same effect?

A. I imagine it would to a certain extent. In that particular machine they happen to be springs that were placed on there to prevent the augmented motion of that mandrel going up and down.

The Court: All right.

(Showing of moving pictures was thereupon concluded.)

Mr. Flehr: I offer in evidence the film which has just been shown to the Court, showing the operation of Defendants' Exhibit A, the same to be marked Plaintiff's Exhibit—

(Testimony of Arthur Jerome Kercher.)

The Court: Admitted and marked, next in order.

(The film was marked "Plaintiff's Exhibit 19.")

The Court: Any questions?

Cross Examination

Mr. Schapp: Q. Mr. Kercher, I understand you have filed a good many patent applications, yourself. Did you prosecute those patent applications, yourself? A. I did not.

Q. Did you have counsel to prosecute them for you? A. I always employ counsel.

Q. Did Mr. Flehr happen to be your counsel in those patent applications?

A. In possibly eight or ten of them, recent ones.

Q. In the recent ones. A. Recent ones.

Q. What is your present occupation?

A. I do research work for myself.

Q. I thought you were connected with a company at the present time.

A. I am Vice-President of Wessex Electric Heater Company, and incidentally I do their research work, but my research work has [180] been done in the line of refrigeration. I do research work in temperature control and have been doing some fundamental scientific research work that probably won't result in anything.

Q. Have you served as expert before in litigation? A. I have.

Q. Do you hold yourself out as a professional expert in patent litigation?

(Testimony of Arthur Jerome Kercher.)

A. I do not. I feel that I am perfectly competent, however, to read patents and estimate the value of the claims as they are applied to the different pieces of apparatus and methods and devices.

Q. Now, Mr. Kercher, just what do you consider the duties of an expert when he testifies in court?

A. To give his honest opinion concerning the application of the elements of the claims to the elements in the claimed device that we are talking about.

Q. Do you have any idea as an expert that an expert serves the purpose by merely accepting the opinion of his client, merely stating the case in favor of his client, or do you consider an expert more a man who is able and competent to thoroughly understand the nature of the invention regardless of how his client is affected?

A. No. I can answer that by telling you exactly how I was drawn into the last case that I was in.

The Court: This case will be sufficient for all purposes.

The Witness: Well, it will indicate that when I accepted the opportunity of discussing the patent claims I assured myself that what I was going to say was my own opinion, and not the opinion of anybody else, or not the opinion of counsel who employed me, and I honestly believe that what I am talking about is for the benefit of the merits of the case.

(Testimony of Arthur Jerome Kercher.)

Mr. Schapp: Q. If during your cross-examination something should be brought to your attention that makes you change your opinion, would you hesitate to say so?

A. I would not hesitate to [181] say so if I would change my opinion.

Q. Mr. Kercher, throughout the patent in suit, of which you, of course, are thoroughly familiar, you heard the term "sheet" used, throughout the claims. A. Yes.

Q. At the beginning of each claim and several times in each claim. Now, referring to the patent, itself, what do you interpret the term "sheet" to mean?

A. Sheet means—in this case, that is a sheet of cellophane, a material rolled out in a thin membrane that has a great deal of width and very little thickness.

Q. Would the shape have anything to do with it? Could you use any sort of sheet as used in that patent?

A. The shape would be immaterial as long as it accomplished the result to make the product that you wanted to make.

Q. Well, as a matter of fact, isn't it necessary in the Gaubert machine to use a sheet that is pre-formed substantially to furnish the material for a bag? A. I don't believe that it is.

Q. Could you use a roll on the Gaubert machine?

A. I think you could, yes. I know you could.



(Testimony of Arthur Jerome Kercher.)

Q. Would you like to do it?

A. It would be perfectly feasible providing you added means for subdividing the roll or sheet which is in the form of a roll into sections.

Q. Taking the Gaubert machine as disclosed in the patent, could you take a roll of cellophane and use it in connection with that machine without any intermediate steps?                    A. I wouldn't, no.

Q. You would not?

A. I would certainly cut the roll of sheet material into sections before I would put it into the machine.

Q. In other words, you would first take the roll into pre-formed sheets which fit on the machine and which are sufficient to make the individual bags, is that your idea?

A. Well, as far as that is concerned, you certainly know, it is quite evident the [182] machine is primarily designed to——

Q. (interrupting) If the term "sheet" is used throughout the claims doesn't that term "sheet" imply to you it has to be a sheet that is preformed to fit into that particular machine?

A. I don't believe that that is true.

Q. You said a little while ago you could not use a roll without going through intermediate steps.

A. Yes, but I can use the roll, I could use the roll. In other words, the introducing of that material under the mandrel can be introduced from a



(Testimony of Arthur Jerome Kercher.)

roll and it can be cut off in the operation of the machine.

Q. Is the machine made to operate that way?

A. Some of them are.

Q. The patented machine——

A. In the patented machine, the specification of that machine defines a sheet of material must be placed under it in its entirety.

Q. You are willing to admit you could not use a roll with that particular machine without first forming it into sheets?

A. Without first cutting it off into sections.

Q. If the claims call for a sheet and, according to the patent, they are pre-formed sheets, and if you tried to consider that term to include all possible sheets, don't those claims then define an in-operative device that wouldn't work where the claim goes beyond what the machine will do?

A. I don't believe it. I believe the elements in that claim are incorporated in the machine, and it is immaterial whether that sheet is placed in there in the form of a rectangle or the form of a square, or placed in there in a roll and cut off.

Q. Do you think it must be a sheet that fits into the machine to make it work?

A. It must be a sheet that can be adapted to the machine.

Q. You couldn't take the defendant's roll and use it in connection [183] with the machine that is patented?

(Testimony of Arthur Jerome Kercher.)

A. I am not so certain about that. That might take a little addition of a cutting means but other than that it could be used in that machine.

Q. Without cutting it?

A. Without cutting it.

Q. I will give you a full opportunity to demonstrate to the Court how you can use the defendants' roll on Plaintiff's machine as the machine is illustrated in the patent. If you will do so I will be glad to have you do that, to demonstrate that to the Court, whether you could put the defendants' roll on the plaintiff's machine as shown in the patent.

A. I wouldn't attempt to demonstrate that, because I would have to add cutting means to cut the roll of cellophane here into sheets that would work in that particular machine.

Q. In other words, it could not be done?

A. It could be done, as I say, with the addition of the cutting means.

Q. Well, you have an opportunity to do it now if you can do it. This machine as presented in the patent merely solved the problem of making bags from pre-formed sheets.

A. As it is illustrated in the patent that is the only type of sheet that is used.

Q. It does not solve the problem of making bags from a roll?

A. It is perfectly obvious from the device——

(Testimony of Arthur Jerome Kercher.)

Q. I am not asking you what is perfectly obvious. I am asking you whether it solves the problem of making bags from a continuous roll without intermediate cutting.

A. It could not be done without the cutting.

Q. Could not be done. Now, Mr. Kercher, some of the claims call for a table; many of the claims, in fact, call for a table. What is a table for?

A. The table is just a means of support.

Q. A support for what?

A. To provide the working surface upon which this mandrel that is specified can be adjusted. I [184] will say it provides at least a mandrel or some means for pressing the seams of the bag together.

Q. Is that the object of the table?

A. That is the object of the table.

Q. What is the primary object?

A. It has the four legs, and it has a place there, and these other devices are placed on that table.

Q. What is the primary object of the table, the first thing you do about the table?

A. The primary object of the table is to provide a means of support for the operation that is to be done.

Q. It has nothing to do with the support of a sheet of paper or cellophane, has it?

A. In this case it does. It forms a table, or it forms a place—the sheet or material beneath the mandrel and the table, if there were no table there

(Testimony of Arthur Jerome Kercher.)

it wouldn't be possible to even support it unless it were supported with some other means on the edge, and it is my opinion the table is there to support the apparatus that supports the sheet of material under the mandrel.

Q. When you first place a sheet in that machine where do you place it?

A. You place it between the table and the mandrel.

Q. What supports the sheet? It is not hanging in mid air, is it?

A. The table under the mandrel, the plate under the mandrel supports it.

Q. Just what do you call a table?

A. Well, it has a surface that is generally supported by four legs to keep it a certain distance above the floor.

Q. Would you call this rail a table?

A. No. In that case it happens to be a guard rail. It has no flat surface on which you could support anything unless it were adapted to fit the flat surface.

Q. Would you call the rim of that chair a table?

A. No, sir, I [185] wouldn't call the rim of a chair a table. It could be arranged to be a table with some flat surface so that it would hold something.

Q. How do you come to call that little T that is shown in the defendants' machine a table?

A. It is a part of the table, in my opinion. The mere placing of a section of a table with a space

(Testimony of Arthur Jerome Kercher.)

around it and the entire part being supported by the frame, whether it is a table, it is a part of the table, and is equivalent to the table if the table had continuous flat plate all over it.

Q. Is it enough for a table in order to support a sheet of cellophane that it can be at least sufficient to support it?

A. It would have to be sufficient to support it.

Q. You would not call this rail, here, sufficient to support a piece of cellophane?

A. A sheet of cellophane. It would support it, but if you were—if you didn't care about its being folded down the side of it it certainly would support it.

The Court: It is twelve o'clock, so we will take an adjournment until two o'clock.

(A recess was here taken until two o'clock p. m.)

[186]

Afternoon Session—2:00 o'Clock.

ARTHUR JEROME KERCHER,

Recalled;

Cross Examination

(Resumed)

The Court: Proceed, gentlemen.

Mr. Schapp: Q. Mr. Kercher, this morning in our discussion we decided that it would be impossible to use a roller without previously cutting it on the plaintiff's machine as shown in the patent.



(Testimony of Arthur Jerome Kercher.)

Now, I will ask you another question: Would it be possible, in your opinion, to use one of the pre-formed sheets, such as are used in the plaintiff's device, and make a bag out of it on Defendants' machine?

A. Not with the feeding attachment that the defendants' machine has. You might make a different arrangement for feeding the material in there, and it would be possible to take a pre-formed sheet and put it in there and accomplish that result.

Q. If you changed the machine?

A. If you changed the machine.

Q. But the machine, as it stands, there, will it make a bag from a sheet of pre-formed material?

A. I would say that would be a rather impossible——

Q. Would it be possible?

A. Well, if the sheet were made long enough and it were started in the machine and brought into the end, which it is done in that instance, and the means for pulling the bag out were operated, it would be possible.

Q. Would it be possible with an ordinary sized sheet, such as used in an ordinary bag, with this machine?      A. No, it would not.

Q. It would not?      A. No.

Q. We discussed the question of the operating table, the table top on which the sheet is placed, and I will now ask you where you find in plaintiff's



(Testimony of Arthur Jerome Kercher.)

machine the equivalent of this table top [187] for positioning the sheet?

A. Are you referring to the indexes on the top? There are no indexes.

Q. Frame forming an operating table.

A. Oh, there is a frame forming an operating table.

Q. Where do you find the operating table in the defendants' machine?

A. I find it in the structure of the machine. The main structure of the machine is an operating table.

Q. Will you please point out what particular part you refer to as the operating table?

A. (Indicating) The operating table is the entire surface of this machine, including the part under the mandrel.

Q. Including the side pieces? You would include that in the expression "table top"?

A. That in the defendants' machine is a part of the top of the table. However, it is not used simply as a top of a table; it is used for other purposes.

Q. Is that used as the top of a table for the purpose of positioning any sheet of paper or cellophane in the defendants' machine?

A. In the defendants' machine the top of the table is not used for positioning the cellophane between the table and the mandrel.

Q. It is not used for that purpose; that is clear. I will refer you to Claim 2. The claim goes on to say:

(Testimony of Arthur Jerome Kercher.)

“A plate-like mandrel movably secured to said table.” Where do you find in defendants’ machine a plate-like mandrel movably secured to the table?

A. I find it in the defendants’ machine, a plate-like mandrel movably secured to the table through a system of structure on the end of the table.

Q. Where is it secured?

A. The plate-like mandrel is secured to this end of the table, here (indicating).

Q. Is it movable there?

A. It is movable—surely it is movable, because there is a part of it that is flexible, making [188] the other end movable.

Q. Is movable as a securing means?

A. In this case it is screwed up solid. I do not know that it moves there at all during the operation of the machine.

Q. You would say it is not movable at the securing means?

A. It is not movable at the securing means; it is movable between the securing means and the working part of the mandrel.

Q. That is a different feature. I am just asking you if we have a plate-like mandrel movably secured to the table.           A. Yes.

Q. You pointed out it is not movable at the securing means. Isn’t that what the claim calls for?

A. I think I indicated in my testimony that mandrel is flexible, and while one end of it was rigidly fastened to a mechanism attached to the

(Testimony of Arthur Jerome Kercher.)

table, the other end could be moved up and down with relation to the table.

Q. We understand that part of your testimony, but still we insist that this claim calls for a mandrel movably secured, and a mandrel movably secured is not found independent of the device; you will agree with me on that, won't you?

A. I won't agree with you on that because the effect of that mandrel is, while it is solidly fastened on one end, it is flexible; it can move on the other hand, and the mere providing of a hinge on the back end of that thing is equivalent to making a section of it flexible. For instance, a pendulum swinging in a clock sometimes is rigidly fastened in the top, and part of that pendulum can be of resilient material which will permit the other end of the pendulum to swing. So the mere fact there is not a well-defined hinge there is no reason it is not movably secured.

Q. Isn't that what the claim calls for, movably secured? Didn't you say a moment ago it was fixedly secured?

A. I say the end, the part of the mandrel that is fastened to the machine is, [189] but between that and the operative function of the mandrel it is flexible.

Q. That is not the securing means, is it?

A. Well, if you look at it that way—I will admit the bolt on the thing can be tightened up and still the mandrel will be operative.

(Testimony of Arthur Jerome Kercher.)

Q. Let me ask you another question: Is there in the defendants' device this entire structure: "A plate-like mandrel movably secured to said table whereby a sheet of said material can be placed between one side of the mandrel and the table"? In defendants' machine is the mandrel used in that manner?

A. I would say that the mandrel is used in that manner where it is possible to place the sheet of material between the mandrel and the table.

Q. Do you move the mandrel when you put a sheet of paper into defendants' machine?

A. No. I don't think so.

Q. You do not?

A. It is not necessary to move the mandrel when you put it in.

Q. Do you believe it should move in the operation of the machine?

A. It moves in the operation of the machine.

Q. Is that what you showed in the motion picture? Isn't that purely incidental? It hasn't anything to do with the operation of the machine?

A. In my opinion it has something to do with the operation of the machine. If that mandrel were so placed that you could not put any cellophane between it and the machine, certainly you could not produce any bags on the machine.

Q. It does not move for the purpose of placing a sheet of material between the mandrel and the table, does it?

(Testimony of Arthur Jerome Kercher.)

A. It is placed there flexibly mounted on the table so a sheet of material can be placed under it, between the mandrel and the table.

Q. Would you say it has to be flexible?

A. I would say it has [190] to be more or less movable, because if it were not for that fact the mandrel would be pressed on top of the table, and then how would you get a sheet between the mandrel and the table?

Q. There might be a space in the table, might there not, without its being movable?

A. It could be, yes.

Q. So it does not have to move, does it?

A. In the defendants' machine it does have to move.

Q. It does not have to move by the slackness of a space of one thickness of cellophane, does it?

A. If it were accurately spaced— we are getting down to a hypothetical situation.

Q. I am trying to get down to a principle. In your machine, in the plaintiff's machine, this mandrel absolutely has to go up and down to clear the table for interposing a sheet of cellophane in each operation. Now, isn't that altogether different in defendants' machine?

A. I would say not, because it is not necessary that that mandrel rise for any considerable height in the plaintiff's machine. It is quite easy to slide a sheet of cellophane between that mandrel and



(Testimony of Arthur Jerome Kercher.)

the plate, even though it be held above the table only a small fraction of an inch.

Q. You are not willing to admit, then, there is a difference between the two machines in so far as the movement of the mandrel is concerned?

A. I admit that there is a difference in the two machines, and in the two machines as we have on exhibit here. In one case the mandrel lifts to a considerable height and in the other case it only moves slightly. That is the difference.

Q. Now, in the defendants' device is the mandrel moved for the insertion of the paper?

A. If it were not moved you could not put the paper under it.

Q. Why couldn't you?

A. Because the effect of the pressing on top of the completed bag would press that mandrel down on the table [191] and it would stay there, and how could you drag anything through there if it were pressed down and stayed there?

Q. As has already been pointed out, there could be a slight space in there.

A. There is a space in there.

Q. This claim goes on to say: "Means for folding the side margins of the sheet over the side edges of the mandrel." I first wish to call your attention to the words "of the sheet." What does that have reference to?

A. That means—wait a minute until I just look



(Testimony of Arthur Jerome Kercher.)

at that—"sheet" refers to the material that the bag is being made of, the cellophane.

Q. Any kind of sheet, or a particular sheet?

A. Well, it would be any kind of a sheet that could be folded over there. In this case the claim is limited to cellophane.

Q. Well, I am not referring to the material. If reference is made to a sheet, what sheet is referred to?

A. The sheet that is between the mandrel and the table.

Q. That has been previously positioned in accordance with the teachings of the previous sentence, isn't that it?

A. Well, that is all right, yes.

Q. That is all right. Now, "means for folding the side margins of the sheet over the side edges of the mandrel"—where do you find the side edges of the mandrel in plaintiff's machine?

A. The side edges of the mandrel are that portion of that plate of steel that is laid on top of the table, and over which the bag is folded.

Q. In the defendants' machine is the paper or the cellophane folded over the side edges of the mandrel?

A. It is folded over the side edges of the mandrel.

Q. Will you please point out where the folding takes place in the machine?

A. The folding takes place just at the edge [192] of the mandrel, at the end of it.

(Testimony of Arthur Jerome Kercher.)

Q. Isn't it a fact that the folding takes place over the end of the mandrel?

A. The folding in the one instance takes place over the end of the mandrel.

Q. Takes place over the end?                      A. Yes.

Q. Not over the side?

A. It is also folded over the side edges of the mandrel.

Q. As a matter of fact, the sheet is already folded before it reaches the side edges or at the time it reaches the side edges, isn't it?

A. Yes, it is folded. As I say, it is folded over that piece of material——

Q. It is folded over the end of the mandrel instead of the side edges?

A. I won't say that. Folding over the end of the mandrel does not indicate it is not folded over the side edges.

Q. Do the side edges have anything to do with the folding in defendants' machine? Could you eliminate the side edges and it would still be folded?

A. If you eliminate the side edges of the mandrel, it certainly would not be folded, because the machine would become inoperative. You have a mandrel there for that purpose.

Q. Is there any place besides the rear end of the mandrel where any folding takes place?

A. The folding takes place primarily under these inclined rollers that are back at the heating device.

Q. Isn't it a fact that the paper is folded first before it reached those rollers?

(Testimony of Arthur Jerome Kercher.)

A. Not as far as the production of the bag is concerned.

Q. You mean to say that the paper here at this place, right behind the rollers, here, is not folded?

A. It is folded over the top, but as far as making the bag is concerned, the rollers are the folding means, because they draw the sheet over the edges of the [193] mandrel. They tighten it and hold it.

Q. Do you mean to say it is folded here and the rollers fold it over again, or what?

A. No, I mean to say the rollers actually do the folding. Merely extending that sheet out over the end, in my opinion, does not nullify the effect of the elements in that claim.

Q. Mr. Kercher, how can the rollers do the folding if it is already folded?

A. The rollers cause the folding.

Q. It is folded before it reaches the rollers, is it not? Isn't this folded here behind the rollers?

A. The sheet is not folded as far as the bag is concerned behind the rollers——

Q. I don't know what you mean by as far as the bag is concerned.

A. Yes, the machine has to operate. What are the rollers put on there for? I will ask that question and perhaps that will answer your question.

Q. You are not cross-examining me; I am cross-examining you. Regardless of what those rollers are there for, you have to admit that it is folded over the rollers 180 degrees, isn't it?

(Testimony of Arthur Jerome Kercher.)

A. I say the rollers are the folding means of the sheet on that mandrel. The fold that you are talking about that is back of that is incidental to the effect of the rollers.

Q. Now, with reference to Claim 2, we have discussed the sheet which in the plaintiff's device has to be pre-formed, whereas a pre-formed sheet could not be used in the defendants' device. We have also discussed that the operating table in the plaintiff's device does not serve as a means for positioning a sheet of cellophane thereon. We have also discussed that the plate-like mandrel is not movably secured to the table, and we have shown that the sheet is folded before it reaches the side edges of the mandrel. Now, what is there left in that Claim 2 that the de- [194] fendants infringe?

Mr. Flehr: Mr. Schapp, I do not think we should confuse what the witness has said with your interpretation. You asked the witness certain questions with respect to the disclosure, which is perfectly all right, but let us not confuse the claim and your interpretation.

Mr. Schapp: Your Honor, is that an unfair question? I will withdraw the question.

(Discussion off the record.)

Mr. Schapp: Q. In Claim 3, the next claim, we again find the expression "sheet of material," and we again find the expression "of the working table"; we again find the "plate-like mandrel movably mounted," and we again find the expression

(Testimony of Arthur Jerome Kercher.)

“means for folding projecting side margins of the sheet over the side edges of the mandrel.” In addition to those we find the following expression here, which I would like to discuss a little further with you: “A retractable fold-line retaining means adapted to be interposed within the last-mentioned fold.” Do you find those fold-line retaining means on the defendants’ machine?       A. I do.

Q. If you find those retractable folding means, are they retractable in the sense that they clear the mandrel for the operation of the heater?

A. They retract from the fold line.

Q. Will you please answer my question?

(The question was read by the reporter.)

A. No.

Mr. Schapp: Q. In other words, in the plaintiff’s machine the retractable folding means retract entirely from the mandrel to allow the heating to be performed in a single operation, whereas in the defendants’ machine the fold-line retaining means [195] remains on the mandrel, although it moves on the mandrel, is that the idea?

A. That is right.

Q. Now, we come to a discussion of Claim 5. Claim 5 again contains these limitations: “sheet material,” “a frame forming a working table,” “plate-like mandrel movably mounted . . . whereby a sheet of said material can be arranged”—and then it goes on: “with the sheet affording projecting side and end margins.” In the defendants’ machine, when the



(Testimony of Arthur Jerome Kercher.)

sheet is underneath the mandrel does it have any projecting side margins?      A. Yes.

Q. Will you please point out where those projecting side margins are?

A. They are on the part that overlaps the end of the mandrel.

Q. I don't quite get that.

A. The short part of the sheet that has been folded over, that projects over the end of the mandrel.

Q. Over the end of the mandrel?      A. Yes.

Q. Over the side, I mean. I have asked about side margins, not about end margin.

A. In the defendants' machine they have already been folded over the side margins.

Q. They have already been folded at that time; so there is no sheet of material arranged with projecting side margins at the time it is under the mandrel?

The Court: The record does not disclose any answer to the question.

(The question was read by the reporter.)

A. You definitely state a fact. I didn't know you asked me a question—at least what you thought was a fact. If you will ask me a question I will tell you whether I think it does or not.

Mr. Schapp: Q. Well, will you consider it as a question and [196] answer "Yes" or "No"?

A. The sheet of material is definitely extended over the end of the mandrel when the machine operates to produce a bag.



(Testimony of Arthur Jerome Kercher.)

Q. How about the side margins?

A. The side margins, as I said before, have already been folded over the mandrel.

Q. Now, in addition to these limitations, we now get into the subject of a heater: "A heater affording a substantially T-shaped heated area." Now, when you take that "substantially T-shaped heated area," what do you mean, or what does the patent mean, in your opinion?

A. The patent means the longitudinal seam and the seam across the bottom of the bag is the area that is supposed to be heated. The heater is substantially built to accomplish that—in other words, it is a heater designed in the shape of a "T" in which one part is at right angles to the other.

Q. Does the letter "T" have anything in particular to do with it as distinguished from a "V", a "U", or an "S"?

A. Well, a "T" is pertinent to this device because the method of making the bag, that is, it is necessary to fold the sheet over a mandrel for a longitudinal seam, and it is also necessary to fold the bottom over the mandrel to work a seam which is at right angles to that longitudinal seam, and, consequently, the heater has to be a T-shaped heater to accomplish that result.

Q. If it was off-set slightly it would an L-shape; that would be the same thing, wouldn't it?

A. I don't know whether it is ever made exactly in the center. It would be essentially a T if the

(Testimony of Arthur Jerome Kercher.)

longitudinal seam were placed somewhere within reasonable limits of the ends of the top member or the cross member.

Q. Isn't the principal idea of the T-shaped member that it correspond to the shape of the seam to be sealed? A. Yes, certainly. [197]

Q. That is the main idea? A. Certainly.

Q. Now, is the plaintiff's T-shaped member formed to cover the entire seam area?

A. It is made to cover the entire area with the exception of the notch that is left in it to provide for the fold-retaining means.

Mr. Flehr: Just a moment.

Mr. Schapp: I was talking about the plaintiff's machine.

Mr. Flehr: I think we are getting confused here. Which machine were you talking about?

Mr. Schapp: I was talking about the plaintiff's machine.

(The question was read by the reporter.)

A. Yes, practically the entire area.

Q. Could the T-shaped heater proposed by plaintiff be used on the defendants' machine in the operation thereof?

A. With slight modification it could, yes.

Q. I do not say with slight modifications; as the machine is? A. No, it could not be used.

Q. It could not be used? A. No.

Q. Why couldn't it be used?

A. Because the fold-retaining means would be in

(Testimony of Arthur Jerome Kercher.)

the way of a contact between the entire heating surface and the top of the mandrel.

Q. Will you please describe the heater used by the defendants?

A. Defendants' heater is a T-shaped heater in which there is a cross member designed to seal the bottom of the bag and a longitudinal member designed to seal the side seam on the bag.

The Court: Q. Two separate and distinct operations? A. Simultaneously in one operation.

Mr. Schapp: Q. Would you say that the defendants' heater could be used in the plaintiff's machine and make a salable bag?

A. With retractable fold retaining means it could. [198]

Q. It could not, or it could?

A. I say it could. It could be used.

Q. The defendants' heater could be used in the plaintiff's machine? A. And make a bag.

Q. And make a bag? A. Yes, sir.

Q. Wouldn't there be a gap in the seam?

A. There might be a gap in the seam; essentially it would be a bag. That gap is only a matter of distance, and in any instance that seam is not absolutely continuous, that it would be only a matter of reducing that gap and making that fold-retaining means very small, and you would have essentially the same thing.

Q. If it were all changed around to suit the purposes?

(Testimony of Arthur Jerome Kercher.)

A. I wouldn't say it was all changed around at all. It would simply be a matter of reducing the width of that fold-retaining means down to some reasonable limit.

Q. As it is used by the defendants at the present time it would not make a bag, a complete seal on the plaintiff's machine, would it?

A. It would not.

Q. In the defendants' machine does the heater make a complete bag in a single operation?

A. The heater makes the complete bag with successive operations.

Q. How many operations does it take to complete a bag?

A. It all depends on the size of the bag.

Q. Will you please explain that?

A. A very short bag in there that would be close-coupled could be made in two operations of the cycle of the machine, and after that it would take one operation of the machine.

Q. Are you quite sure about that?

A. I understand it fully. I know that if you cycle that machine once you can make a thousand bags with that machine without making only one extra operation in [199] a thousand.

Q. At the same time, in connection with each bag, doesn't it take two operations to make each bag?

A. In some instances it does; in other instances it does not. It depends on the size.

(Testimony of Arthur Jerome Kercher.)

The Court: Let us confine ourselves to the size here. Let us confine ourselves to what we have here.

The Witness: I would say if the machine is set up, it takes two impressions.

Mr. Schapp: Q. Two impressions?

A. Yes.

Q. As a matter of fact, is the heater continuous in the defendants' machine?

A. With the exception of the gap that is left in it, it is continuous.

Q. The gap is not continuous. Wouldn't you say there are really two heaters instead of one heater?

A. To my mind it is one heater. The whole thing is one heater, and merely moving the sections back and forth to that heater do not indicate to me it is evading the claim in the patent.

Q. But the heaters are spaced?

A. They are; they are spaced apart.

Q. Now, referring to Claim 8, Claim 8 again refers to the first limitation of a sheet of cellophane, plate-like mandrel, and then goes further into the mounting of the rear edge of the mandrel and says "means serving to pivotally connect the rear edge of said mandrel with said frame." Do you have that, Claim 8?

A. Yes, I have the claim.

Q. Do you find that pivotal mounting in defendants' machine?

A. I find the pivotal mounting in the machine.

Q. However, in the operation of the machine isn't it a fact that it is locked against pivotal movement?



(Testimony of Arthur Jerome Kercher.)

A. It is locked in move- [200] ment in this particular machine.

Q. In this claim, again, you talk about, or the patentee talks about means for folding projecting side margins of the sheet of material over the side edges of the mandrel. I think we have previously discussed that. A. Yes.

Q. And that there were no projecting side margins. But there is one feature here in this claim which, of course, contains all the other limitations, and that is the limitation in this claim which I wish to bring to your attention. It says: "Means for actuating said gripping bar to translate it into an elevated position overlying the forward edge of the mandrel, followed by lowering of the bar into engagement with the mandrel." Do you find the equivalent of that in the plaintiff's machine?

A. I do. I think that is demonstrated when the machine is in operation.

Q. Are you quite sure it contains these two features, first elevating it and then lowering it down?

A. Essentially that movement takes place in that machine.

Q. Isn't it rather a movement of climbing around the front of it without being first raised?

A. The machine I investigated indicated to me that that brought the end of it back up and over the end of the mandrel and held it in a position so that the heating element could seal it on the top of the mandrel.



(Testimony of Arthur Jerome Kercher.)

Q. Does it rise above the mandrel as described in the patent and then come down again, or climb over the edge of the mandrel?

A. I don't know. Certainly climbing over the edge of the mandrel, it must rise to get over it.

Q. By the way, let me ask you one more question: Are you quite sure in all these claims that the bottom edge or the front edge of the bag is folded over the mandrel?

A. I am positive that [201] the front edge of that is folded over the mandrel and over the fold-retaining means. This mandrel may be back of that a fraction of an inch, but nevertheless it is folded over the forward edge of the mandrel, because the joint that is sealed on there is sealed on top of the mandrel.

Q. But the actual folding does not take place over the mandrel, does it?

A. The folding takes place on the outside edge of the mandrel.

Q. On the outside edge of the mandrel. Now, we come to a discussion of Claim 14, which is the only method claim in the case, that is, the only one in issue, and this claim reads as follows:

“In a method for making bags from sheet material like cellophane, characterized by the use of a plate-like mandrel having a contour corresponding generally to the contour of the finished bag, arranging the sheet of material adjacent one side of the mandrel”——

(Testimony of Arthur Jerome Kercher.)

Do you find that in the defendants' machine?

A. I do.

Q. (Continuing) "successively folding the projecting side margins of the sheet through angles of substantially 180 degrees and over the side edges of the mandrel." A. I find that.

Q. You do? A. Yes, sir.

Q. I call your attention to the term used, "successively." Is this folding done after a sheet has been placed under the mandrel, after a sheet of material has been arranged adjacent one side of the mandrel? A. It has, yes.

Q. Isn't it a fact that it is folded already after it has been placed adjacent one side of the mandrel?

A. It is folded over the side edges of the mandrel and one side is folded ahead of the other side.

Q. Mr. Kercher, you do not understand me right. We have a method [202] claim here, and this method claim recites a succession of steps, and, of course, the succession of steps would only be infringed by somebody else having a similar succession of steps, isn't that true?

Mr. Flehr: I object, your Honor, that is a conclusion of law.

The Court: The witness is an expert.

Mr. Flehr: That is an improper statement of law, your Honor.

The Court: What is improper about it?

Mr. Flehr: The law is to the contrary. The suc-

(Testimony of Arthur Jerome Kercher.)

cession of steps may be immaterial in a method claim, the exact sequence.

The Court: How are we to say at this time they are material or not material?

Mr. Flehr: I say it is a matter of law.

The Court: He is entitled to a record on it.

Mr. Flehr: All right, your Honor.

The Court: Objection overruled. (To the witness:) Did you follow the question?

The Witness: I followed the question.

Mr. Schapp: Q. Now, the defendants' machine——

The Court: Wait just a moment. He has not answered.

A. I will answer it this way: We arrange the sheet of material adjacent one side of the mandrel and we successively fold the projecting side margins of the sheet through angles substantially 180 degrees and over the side edges of the mandrel.

Q. Do you do all of that after you have placed the sheet adjacent to the mandrel?

A. We do all that after we have placed the sheet adjacent to the mandrel.

Q. Adjacent to one side of the mandrel, you say here. A. One side of the mandrel. [203]

Q. Isn't it a matter of fact by the time it reaches this side—you no doubt have in mind the bottom of the mandrel by saying one side of the mandrel, haven't you?

A. Adjacent one side of the mandrel, yes.

(Testimony of Arthur Jerome Kercher.)

Q. When you talk about one side of the mandrel, don't you have in mind the bottom of the mandrel?

A. I have in mind the bottom of the mandrel.

Q. After this sheet is arranged relatively adjacent to the bottom of the mandrel, thereafter do you go ahead and fold the side edges over 180 degrees?

A. Not by that method, but a method which is equivalent to it, in which the sheet is folded over the side of the mandrel back of the point that you illustrated on the mandrel. The sheet is arranged under the mandrel and the sides are successively folded over the edges of the mandrel.

Q. Is that done after placing the sheet underneath the mandrel?

A. It is done after placing of the sheet underneath the mandrel.

Q. Isn't it a fact that the side edges are folded over already when it reaches the bottom of the mandrel?

A. They are brought into a position where they can be folded over the mandrel.

Q. Now, Mr. Kercher, is there any time that any part of the sheet of cellophane lies under the mandrel, that is, turned from that position of 180 degrees?

A. It is turned, yes.

Q. Through a position of 180 degrees?

A. 180 degrees over the mandrel.

Q. Will you point out for me where it turned

(Testimony of Arthur Jerome Kercher.)

over to an angle of 180 degrees after it has reached the mandrel?

A. It turns over to a point 180 degrees when it leaves these rollers that fold it over the mandrel.

Q. Does it occupy 180 degrees already, the desired position already?

A. I wouldn't say it occupies a position of substantially 180 [204] degrees before it gets to that place.

Q. Isn't it a fact that right up at the beginning of the mandrel it occupies a certain angle relative to the mandrel?      A. An angle, yes.

Q. After that can you still turn it 180 degrees?

A. It is only turned to 180 degrees after it passes under the rollers adapted to fold it under the top of the mandrel.

Q. Now, Mr. Kercher, I would like for you to read Claim 14 very carefully—in fact, I will read it to you—from the point of view of whether there is anything in this claim that is not the natural function of the machine. You realize, of course, that after you get a patent you can't get another patent on another claim on the function of that machine. There can be only one patent on the machine. If you want to get a process patent, you must define something other than what the machine actually does.

Mr. Flehr: Your Honor, I object again to this attempting to advise the witness what the law is.

The Court: I will have to allow for the heat of



(Testimony of Arthur Jerome Kercher.)

the battle and the anxiety of counsel to some degree. The form of the question is objectionable.

Mr. Schapp: All right.

Q. Regardless of the law on the question, I want to ask you now whether in this claim you find any step or any method which is not the mere obvious function of the machine? A. I do not.

The Court: Q. What is the answer?

A. I say, if I understand his question correctly, I do not find anything in the machine that is inconsistent with this claim and method of making bags.

Q. In what machine?

A. In either one of the machines. I do not find anything in either the defendants' machine or the plaintiff's machine that is inconsistent with this claim. [205]

Mr. Schapp: Q. You did not understand me right. I am not asking you anything about being inconsistent; I just asked you whether this claim defines any kind of a step or method that is not automatically carried out by the machine.

The Court: By what machine?

Mr. Schapp: By the plaintiff's machine.

A. No.

Q. There is nothing in this claim that the machine does not automatically do?

A. The machine does all of these things.

Mr. Schapp: I merely show this for the purpose, your Honor, because going into the law we will find



(Testimony of Arthur Jerome Kercher.)

a method claim merely defines the function of the machine.

Q. We will come to Claim 18, which apparently has been considered one of the more important claims by the plaintiff, and which probably is the broadest claim. This claim defines a mandrel and then it says, "Means for folding over side and bottom margins of the sheet over the mandrel through angles of substantially 180 degrees." We went into this before. I do not know whether we have to go into it again, but I want to ask you once more whether in the defendants' device you find any means for folding over side margins—I am not relating to the bottom margins now—the side margins of this sheet over the mandrel through angles of substantially 180 degrees?

A. Yes, I find those means there.

Q. Do you mean to say that the sheet is folded while it is being run over the mandrels to an angle of 180 degrees?

A. The machine incorporated the means for folding this sheet over the mandrel, the side margins being folded over approximately 180 degree.

Q. While it is over the mandrel?

A. While the sheet is folded [206] over the mandrel, there means fold the sheet over the mandrel at substantially 180 degrees.

Q. What I am asking now is in your machine do you understand the sheet of paper first lies flat?

A. Yes.

(Testimony of Arthur Jerome Kercher.)

Q. The mandrel is placed on top?

A. Yes.

Q. And then you fold one side over 180 degrees and then you fold the other side over 180 degrees. Is there such a folding over the mandrel in the defendants' machine through an angle of 180 degrees?

A. You have an equivalent means for folding it over.

Q. You call it an equivalent? A. Yes.

Q. But it is not the same. Then a heater having a similar T-shaped heated surface. We have discussed that already, and I do not know whether it is necessary to go into that again.

The Court: We will take a recess for a few minutes.

(Thereupon a brief recess was taken.)

The Court: Proceed, gentlemen.

Mr. Schapp: If your Honor please, there is one more claim, Claim No. 19, to be discussed, but this claim seems to contain all the limitations that have already been discussed, and I do not see any necessity for taking up any time on that.

The Court: Very well.

Mr. Schapp: At this time I desire to introduce in evidence a number of patents which form part of the prior art.

Mr. Flehr: Mr. Schapp, they have all been cited in the answer?

Mr. Schapp: They have all been cited in the answer, yes.

(Testimony of Arthur Jerome Kercher.)

Mr. Flehr: You are inserting all the patents which have been cited?

Mr. Schapp: Yes. Hotchkiss, No. 135,275, on paper bag machines, granted 1873. [207]

Beyer, No. 251,402, on a paper bag machine, patented December 27, 1881.

Hunt, No. 515,121, on a method of making bags, patented February 20, 1894.

Hesser, No. 1,020,821, on a machine for automatically making paper packets, patented March 19, 1912.

Johnson, No. 1,368,633, on a method of making carton linings, patented February 15, 1921.

Corse, No. 1,703,723, on a bag making machine of February 26, 1929.

Becker, No. 1,780,142, on a method of packaging articles, October 28, 1930.

Munson, No. 1,953,122, on an apparatus for the manufacture of containers from cellulose sheets, dated April 3, 1934.

Cooley, No. 1,973,406, on a cup making machine, dated September 11, 1934.

I am offering these as a single exhibit, I suppose.

The Court: Very well.

Mr. Schapp: I offer these in evidence and ask that they be marked "Defendants' Exhibit B."

(The documents in question were thereupon marked "Defendants' Exhibit B.")

(Testimony of Arthur Jerome Kercher.)

Mr. Schapp: If your Honor please, unfortunately I was unable to get a copy of one of the patents from the Patent Office, because they were out of copies, and I had to incorporate my own copy, which had been marked somewhat, and I ask permission as soon as I get the copy from the Patent Office to substitute it for my copy.

(Mr. Flehr handed a copy of the desired patent to Mr. Schapp.)

Mr. Schapp: Thank you very much. [208]

Q. Mr. Kercher, I understood you to say during your direct testimony that you have familiarized yourself with the prior art, and that after studying the prior art you had come to the conclusion that the claims in which you were not anticipated are shown in the prior art, is that correct?

A. That is correct.

Q. Running across the prior art, you no doubt also have paid particular attention to the patent to Beyer, No. 251,402, patented December 27, 1881?

A. I have.

Mr. Schapp: For your Honor's convenience, I have made enlarged prints of some of the drawings. This is an enlargement of Fig. 1 of the Beyer patent, and this is an enlargement of Fig. 2 of the same patent.

Mr. Flehr: They are photostats?

Mr. Schapp: They are photostats, yes.

Q. Now, Mr. Kercher, I will ask you to describe the Beyer patent to the Court, if you will.

(Testimony of Arthur Jerome Kercher.)

A. The Beyer patent is a bag making machine. The patent refers to that as the invention that "relates to certain improvements in that class of machines used for making paper bags; and it consists in an improved construction of the forming and folding plates, and in the addition and application to the general operation of folding the paper into bags of a novel means for pasting the bags, and also for printing any desired design or label thereon."

Q. Could you step up to the drawing, there, and explain by means of the drawing what the construction of that patent is?

A. In this drawing, the one of the Beyer patent—in Fig. 1, we have a table-like member consisting of a table top and legs supporting top. Arranged on the top of this table is a plate-like arrangement called a mandrel or a forming plate. That is [209] hinged at one end and it is arranged so that it will move up and down by reason of a pedal that the operator might put his foot on. On this same device there are arranged plates marked "K" on the drawing and "F" on the drawing, which are adapted to be slidably mounted. It does not indicate on the drawing just how they are mounted, but anyway it is indicated they are moved in and out over the top of the plate B when the plate B is depressed and laid on top of the table.

We also have in connection with this folding means on one side the pasting pot, and arrange-



(Testimony of Arthur Jerome Kercher.)

ments for applying paste to the material that they might wish to fold. On the end of this mandrel or this plate, at that edge of the material, is also slidably mounted a kind of weight-like structure on which is mounted a pasting device, and that is arranged to be slidably mounted or horizontally with the plates that are on the side of the machine.

Briefly, this whole set-up operates in a cycle. While the means are relatively crude, the parts are not adjusted like one would adjust them to-day, still the machine from that standpoint is operative. The operator putting his foot on here (indicating), first causes the plate to descend on the table. Next these side plates are moved in and a pasting operation takes place on the side of the folder, and that is folded over and the sides are pasted over the top of that mandrel on the top of the machine. Then the portion that extends over the end of the mandrel is pasted. It not only extends over the end of the mandrel, but over this weight structure with the roller on it, it is pasted, and in the operation of the machine that pushes the material over the end of the mandrel, and that is their method of making a bag.

Q. In the general construction and operation, isn't that machine [210] organized substantially the same as the plaintiff's machine as shown in the patent?

A. It operates in somewhat similar manner, but there are essential elements in the patent which are not present in that machine.



(Testimony of Arthur Jerome Kercher.)

Q. Now, Mr. Kercher, to take the simplest case, let us first take this model—is that the Model 2? Plaintiff's Exhibit 2, or what was it? A. 3.

Q. Plaintiff's Exhibit 3, which is the simplest one.

The Court: With the wooden legs.

Mr. Schapp: Q. Yes. Isn't that substantially a picture or a copy of the Beyer patent?

A. I would say not.

Q. Will you point out any distinctive features that you can see?

A. In the first place, in this device we have no pasting means, or means for applying an adhesive to the paper that is put into the machine. Secondly, we have no retractable folding means that will present the bag to be folded over the end of the mandrel. And in the third place, we have no means for holding that bag as it is folded over the mandrel, so that a heating device can be placed on top of the mandrel and seal the bag.

Q. Apart from that the operation is the same?

A. The function of the folding part, the mandrel and the rest of it, is the same.

Q. Don't you use any glue in sealing the bag?

A. What bag do you have reference to?

Q. In the plaintiff's bag.

A. The cellophane is coated with material that is adhesive when it is heated.

(Testimony of Arthur Jerome Kercher.)

Q. That is, the coating material takes the place of the glue? A. Yes.

Q. And that coating material is applied at some time?

A. Not for the purpose of gluing, but for the purpose of keeping out the moisture. [211]

Q. Yes, but it happens to have gluing properties when it is heated.

The Court: That is uniform through the cellophane.

Mr. Schapp: Yes, that is uniform through the cellophane.

Q. In the Beyer patent do you apply pressure for gluing the edges and the seams?

A. Only the effect of the folding blade that slides over the top of the mandrel. Presumably the paste, when Beyer designed the machine, he had some paste that was reasonably thick and it did not take much pressure to stick it.

The Court: Q. The word "pressure" is often used here. What do you mean when you use that word "pressure"?

A. In referring to pressure in this machine there is a definite vertical force that presses these heating elements on the mandrel and against the top of the machine.

Q. Contact?

A. Contact and pressure. There is a definite pressure put on it.

(Testimony of Arthur Jerome Kercher.)

Mr. Schapp: Q. Isn't the same contact pressure used in the Beyer patent?

A. Not on the edges of the device.

Q. Do you remember the description of the Beyer patent, whether it says anything about applying pressure to the seams?

A. No, I have not referred to that. It refers to the roller arrangement that is adjusted on the end fold to roll the glued seam together.

Q. As a matter of information, I might read this part of the patent to the Court.

Mr. Flehr: Where are you quoting from?

Mr. Schapp: This is reading from the patent, page 2, column 1, line 65:

“The lever H is next acted upon, and as the tension is brought upon the cord 1 the paster J descends and deposits paste upon the [212] edge of the paper, which is then folded over upon the other side by the sliding plate E and pressed down. The strap M is then drawn tight, and the end plate L slides forward, its paster acting at once, and the end of the paper is folded over and rolled down by the rollers of the plate.”

Q. That seems to indicate that pressure is applied to seal the seams.

A. No doubt—it would seem to me in that connection those side plates must have some weight because there is no means supplied in the machine for the operator to press that joint.

(Testimony of Arthur Jerome Kercher.)

Q. Now, I wish to call your attention to another patent.

The Court: You have testimony with relation to those charts. You had better introduce them in evidence. You have already examined him on them.

Mr. Schapp: I desire to introduce in evidence these two photostatic copies of the Beyer patent and ask that the same be marked Defendants' Exhibits C and D.

(The charts in question were thereupon received in evidence and marked, respectively, Defendants' Exhibits C and D.)

Mr. Schapp: Q. Now, I wish to refer you to the Hunt patent, which has already been offered in evidence, and refer you to a large photostatic copy of it.

Mr. Flehr: Why not put that in evidence now?

Mr. Schapp: I will ask you to explain this Hunt patent to the Court.

The Court: Talk so the reporter will be able to get it.

A. This is a method patent, a method of making bags, and the method is indicated on the drawings in the patent. We have Figs. 1 to 7. In Fig. 1 a sheet of paper is presumably cut out into a rectangular shape. This sheet is folded about a block B, [213] and it is adjusted on there by a device which would keep it in alignment on the block. A portion of this sheet extends over the top of the block, and then the patent recites that a means are used for

(Testimony of Arthur Jerome Kercher.)

holding that by hand similar to the means for folding a package in the store—in other words, you make an inter-fold. You fold the two ends together and then fold the sides over, making what we call an inter-fold on the end of a package. This paper before it was folded around here, it was coated with a wax compound, presumably to make it moisture-proof, and at the same time to provide adhesive. Now, this wax compound at that time was material that had a relatively high specific heat and had a low thermal conductivity, so that it did not cool instantly, and in the patent the patentee recites he uses a water-cooled block in order that the block will not get hot in the process of sealing it. He provides water flowing in one side and out the other side, maintaining a cooled surface on the block, and for a sealing operation he has a heater which covers a portion of the overlap, and on the side of that heater he has an extension which is presumed to seal the side of this box simultaneously. It is a heater that is simply a chunk of iron which he heated from a gas fire. He has indicated in the patent there are little projections on the side of it, and because it is hot, undoubtedly they use a handle or some kind of mechanism to lift it up, place it on here, and lift it off again, so sealing the bottom of this box or bag.

Now, it recites in the patent, and it is evident that they had to maintain this block cold. The discrepancy in the invention, as I see it, from the prac-



(Testimony of Arthur Jerome Kercher.)

tical standpoint, is he provides no holding means on this folded edge in order to keep them together during the time he lifts off the heater and the time that [214] wax will seal it.

The Court: Probably it is a good heavy piece of iron.

Mr. Schapp: Q. Referring to the shape of that heater, there, what would you call the shape of that heater to be?

A. Well, it is a heater which has fastened on the side of it, as indicated by the Fig. 6 and Fig. 7, an extension and side piece, which he indicates is adapted to heat up at least the side of that folding member and melt the wax, which presumably, if it held long enough, would stick together.

The Court: Is that the 1894 patent, or 1881?

Mr. Schapp: 1894.

The Court: They might have thought as well of that then in those days as we do now of some of our modern things. We laugh now at some of those things, but they were a step forward at that time.

Mr. Schapp: Q. Since we have been talking about letters of the alphabet in connection with heaters, I wonder if the heater as shown in Fig. 7 here reminds you of any letter of the alphabet?

A. Well, as indicated on the drawing, in one instance, depending on the way you look at it, it might be an "L", but you would have to turn the paper over and look at it from the back side.



(Testimony of Arthur Jerome Kercher.)

Q. Calling your attention to Fig. 6, does that remind you of any particular letter of the alphabet?

A. That elevation of the element would indicate it was somewhat T-shaped.

Q. Somewhat T-shaped at least. Isn't that "T" shown in the Hunt patent? Does that "T" shown in the Hunt patent look just the same as the "T" in the plaintiff's patent?

A. I never look at a thing from an elevation. I have to look at it from the other side. In doing that I would not agree with you. [215]

Q. Is this entire surface here heated, the T-shaped surface in the Hunt patent?

A. At least we have no visual evidence on the patent that the entire top of it was heated. However, I would assume that a considerable portion of it would be heated.

Mr. Schapp: Now, your Honor, I will not go through all the claims again, because this is getting rather tiresome, but I would like to go through a single claim and show how the Beyer patent is practically covered by Claim 2 in the Plaintiff's patent, that there is very little difference between the definition of Claim 2 and the Beyer patent. May I use the Beyer patent?

Q. Now, referring to the Beyer patent, and reading from Claim 2, I will ask you whether you do not find most of these elements in the Beyer patent:

"In a machine of the character described for the manufacture of paper bags from sheet material like cellophane——"

(Testimony of Arthur Jerome Kercher.)

A. Yes.

Q. Of course, cellophane is not used in the Beyer patent. Do you find a frame in the Beyer patent?

A. I do.

Q. Forming an operating table?

A. Yes, sir.

Q. A plate-like mandrel?                      A. I do.

Q. Do you find a plate-like mandrel?

A. Yes, sir.

Q. "movably secured to said table whereby a sheet of said material can be placed between one side of the mandrel and the table"—

A. It does.

Q. Does it show means for folding the side margins of the sheet over the side edges of the mandrel?

A. It does.

Q. Does it show means for folding a projecting end margin of the sheet over one end edge of the mandrel?

A. Not in the sense that Beyer has indicated in his patent. There are means for folding the part that might project, the part of the paper that might [216] project over the end of the mandrel, but there is involved something else there for folding that over, and that is a fold-retaining means. He hasn't got that on his machine.

The Court: Q. A what?

A. A fold-retaining means.

Q. A fold-retaining—

A. A retaining bar.

(Testimony of Arthur Jerome Kercher.)

Q. One that goes into each side?

A. Yes. I can illustrate it on this machine by that part that moves across the top of the plate when the bottom is folded over.

Mr. Schapp: Q. Does this claim call for a fold-retaining means?

A. No, but it indicates that the machine has to be operated by reason of the fact that it is folded over.

Q. Do you mean to indicate that Claim 2 would not be infringed by anybody regardless of anything else if they had the fold-retaining means?

A. No, one other thing in the claim: means for applying a heated surface under pressure.

Q. We haven't got that far yet. "Means for folding a projecting end margin of the sheet over one end edge of the mandrel."

Mr. Flehr: Mr. Schapp, you asked a question which I believe is improper, but it has been passed.

Mr. Schapp: My last question was, "Means for folding a projecting end margin of the sheet over one end edge of the mandrel."

Mr. Flehr: What is the question?

Mr. Schapp: Q. Does it show that? Does the Beyer patent show that?

A. Yes, it shows that.

Q. Now, I will ask the last element of the claim: "Means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end

(Testimony of Arthur Jerome Kercher.)

margin overlaps the side margins." Does the Beyer patent show that?

A. The Beyer patent does not show that. [217]

Q. What part of this last sentence is absent from the Beyer patent?

A. There is no means for applying heat over the end margins or the side margins.

Q. No means for applying heat?

A. No, no heated surface.

Q. Apart from the heat, does it contain everything else?

A. No, it does not. It does not contain everything else. I doubt very much in the Beyer patent whether you could even apply pressure on the side margins and the end margins without adding a lot more to the design of the machine.

Q. It would depend on the weight of the plates, probably, wouldn't it?

A. Not only that, but it would necessitate a readjustment of the device—in other words, a different invention.

Q. Doesn't the description call for applied pressure in the Beyer patent?

A. It does not call for applying any pressure. There is nothing indicating any pressure in the Beyer patent, there is no method by which any pressure is applied with the exception of possibly the weight of the plate which slides over the block.

Q. The weight of the plate, itself, would apply pressure, wouldn't it?

A. To a certain extent.

(Testimony of Arthur Jerome Kercher.)

Q. You are ready to admit, then, that every element in Claim 2 is shown by the Beyer patent except the last one?

A. The last one is certainly not there.

Q. And in the last one you are probably willing to admit that any plate lying over those seams would apply some pressure, depending, at least, on the weight of the *the* plate?

A. I can't conceive of that being done on that machine, because of the construction of the machine and because of the fact that after these edges were folded and heat is applied, and it is applied simultaneously and not in succession—in other words, in this patent the seam is sealed first and then the end is sealed. [218]

Q. Does Beyer provide a T-shaped seam when he gets through?

A. He does not. He has a T-shaped seam on the bag, yes. I will correct that.

Mr. Schapp: That is all. I desire to introduce in evidence photostatic copy of the Hunt patent and ask that the same be marked.

The Court: It will be admitted next in order.

(The document in question was thereupon received in evidence and marked "Defendants' Exhibit E.")

#### Redirect Examination

Mr. Flehr: Q. Now, Mr. Kercher, I believe you have referred to this part upon Defendants' Exhibit



(Testimony of Arthur Jerome Kercher.)

A (indicating). Would you again tell me what is the prime function of that part on Defendants' Exhibit A?

A. The function of this cross member that lays over the end of the mandrel on Exhibit A is put there to provide a folding edge so that the bottom of the extended portion of the bag that is formed over the mandrel can be folded back over the mandrel.

Q. Is it necessary to have that part?

A. It is essential and necessary that that part be there.

Q. Would the machine operate now when I take that part away?           A. No.

Q. Why is it necessary?

A. Because a part of the bag is under the mandrel—it is obvious that that part of the bag that is under the mandrel would be folded over the mandrel, and would be folded very successfully, but that part of the bag that lies on top of the mandrel would not be folded in a line. That device is put there so that there is a simultaneous line folded in the bottom of the bag together with the top of the bag, over on the top of the bag. [219]

Q. By taking a piece of paper or cellophane would you demonstrate to the Court what you mean by the part above the mandrel?

A. (Indicating) Assuming that this is the mandrel, the cellophane is placed under the mandrel. The sides are successively folded over the top



(Testimony of Arthur Jerome Kercher.)

of the mandrel. Now, when I resort to the part of the bag that is above the mandrel, I am referring to this bottom part (indicating), and when I am referring to the part that is on top of the mandrel, I am referring to the part that is folded over the mandrel. Now, it is obvious that if a fold-retaining means were not placed in that position, that that bag would not fold over. It is necessary that some means be provided along this upper edge of this thing so that this fold can be folded over, and then it is necessary to retract this in order that the heater may come down and seal it.

Q. Mr. Kercher, this bar, then, is such a means upon Defendants' Exhibit A? A. It is.

Q. Do you find anything comparable to such a bar or member in the Beyer patent?

A. I do not.

Q. Then would you say that the Beyer patent would be operable if it used such a sheet as is folded in either Plaintiff's Exhibit 4 or Defendants' Exhibit A? A. It would not operate.

Q. In other words, as I understand your testimony, that is a simple means to fold over the mandrel, and there is no part comparable to this bar upon Defendants' Exhibit A to retain the folder for the upper part of the cellophane?

A. That is correct, or the paper, whichever the case may be.

Q. By the way, Mr. Kercher, do you find any place in the prior art anything which if utilized in

(Testimony of Arthur Jerome Kercher.)

a bag-making machine and which serves this function of retaining the fold line?

A. There is nothing I have been able to discover in the prior art. [220]

Q. Mr. Kercher, have you ever seen a machine like Plaintiff's Exhibit 4 operate for the purpose of manufacturing bags with a notch in the portion of the heater? A. I have.

Q. Who operated the machine in that way?

A. I think Mr. Gaubert.

Q. And he did successfully make bags that were sealed by that type of heater, did he not?

A. He made bags that were—in fact, I have some of them.

Q. We will put on a demonstration of that later.

Mr. Kircher, have you had prepared under your supervision a drawing to illustrate the end folding means of Defendants' Exhibit A?

A. I have.

Q. Can you identify this drawing?

A. I can. It was made under my direction.

Q. Will you describe generally what it shows?

A. This drawing shows the device for successively raising up and folding over the end of the mandrel that part of the bag that projects over the end of the mandrel when it is being formed. This drawing, as laid out, indicates that the folding member, or that part of it, comes in contact with the bag and successively moves upward, folds the edge of the bag over the top of the mandrel,

(Testimony of Arthur Jerome Kercher.)

and then down, holding it in such a position that when the heater comes down it can seal it.

Q. The letters upon this drawing, Mr. Kercher, are the same as the letters employed on Plaintiff's Exhibit 11, is that not correct? A. Yes.

Q. Just to make this clear in the record, what is illustrated by the red ink?

A. The red ink shows the cellophane bag or the end of the bag being formed over the fold retaining means which is marked "F", which is upon the top of the mandrel marked "B". [221]

Q. What does this black dash-dot line with arrows represent?

A. That represents successive points along which the edge of that folding means travels in its operation.

Q. In other words, it indicates the path of movement of the end tip of the folding member D, is that correct? A. That is correct.

Mr. Flehr: I offer in evidence the drawing which the witness has identified, the same to be marked "Plaintiff's Exhibit 20."

(The document in question was thereupon received in evidence and marked "Plaintiff's Exhibit 20.")

Mr. Flehr: Q. Now, does this Defendants' Exhibit 20 show that the member D first moves in a vertical position and then moves into a position down upon the mandrel, down towards the mandrel?

(Testimony of Arthur Jerome Kercher.)

A. It does.

Q. Now, Mr. Kercher, the method of Claim 14—in your opinion can the steps of that method be carried out by hand instead of being carried out by a machine? A. They can.

Q. And you have seen them carried out by hand, have you? A. I have.

Q. In other words, it does not take a complete machine of this sort to carry out that method?

A. It does not.

Q. That is, of the sort of Plaintiff's Exhibit 4 and Defendants' Exhibit A. Now, with respect to the Hunt patent, Defendants' Exhibit E, will you point out the surface of that heater, which is the surface which contacts the wax paper?

A. The surface of this heater that contacts the wax paper is not shown in plan, but is shown in the line on the side in Fig. 7, the line extending from left to right and then downward on that side.

Q. In other words, that heater has a top part which extends entirely over the end of the block and then it has a leg marked by a letter d2, which extends down one side, is that right? [222]

A. That is right.

Q. This surface, here, to which I am pointing, is that surface used in the heating operation?

A. That is not used, the surface opposite to that one is used on the heat operation.

Q. In making an inter-fold bottom like that, Mr. Kercher, is that a comparably simple folding

(Testimony of Arthur Jerome Kercher.)

operation, or, compared to the folding carried out in Plaintiff's Exhibit 4, is it a complicated folding operation?

A. From the standpoint of the machine it is more complicated, because it involves two or more distinct operations. In other words, the sides have to be folded in and they may be folded simultaneously, and then the ends can be folded over the other way after the sides have been folded in.

Q. In making an inter-fold bottom such as is shown in Fig. 5, do you have portions of that bottom which represent overlap areas and also portions which represent a single thickness of the paper? A. Yes.

Q. Will you point out the portions which represent an overlap?

A. The portions which represent an overlap are a line that would be defined across the corner to the edge of the sheet, here, also on all of the edges—in other words, there are portions of that that are folded in. It is quite obvious to understand that from the standpoint of the ordinary bag or loaf of bread, these devices here that fold over in substantially the same way (indicating).

Q. Mr. Kercher, then is it correct that when this heater is placed over such a folded piece of wax paper, that the heat would be applied not only to the overlapping portions, but also to portions of a substantial size of single thickness of paper? Is that correct? A. It would.

Mr. Flehr: That is all. [223]



(Testimony of Arthur Jerome Kercher.)

Recross Examination

Mr. Schapp: Q. I would just like to ask you one more question, Mr. Kercher: I understand you are a man of considerable ingenuity. You are the inventor of a hundred different patents or more. When you demonstrated to his Honor that this fold could not be made, does not your inventor's ingenuity suggest any idea for that fold to be very easily made on that same machine?

A. It could be made if there was some device down here to crease it.

Q. Without any change in the machine?

A. It would of necessity involve a bar across here in order that there might be a fold line on the inside.

Q. Now, assuming, Mr. Kercher, if this cellophane were cut to a size, like most cellophane is, and this portion were cut out, so you would only have a single layer there, wouldn't it be very simple to fold that bottom layer?

The Court: You give us a demonstration. You do it.

Mr. Schapp: I will have to cut this sheet. I merely want to point out the difficulty of adjusting this mandrel, which is necessary in making this fold.

The Court: Instead of cutting it out, pull it out.

Mr. Schapp: If this sheet were pre-formed like this——



(Testimony of Arthur Jerome Kercher.)

The Court: Is that the way it is?

Mr. Schapp: Well, that is the way it could be worked.

The Court: It could be, but——

Mr. Schapp: It is not the sheet, you see. You have to use imagination on what kind of sheet you want to use, but there is no reason why you could not use this kind of sheet.

The Court: You are getting me into the realm of speculation, and I will have to have an awful imagination to go back to 1894 [224] and figure— Well, go ahead.

Mr. Schapp: The paper is folded like that, a pre-formed sheet like this—a pre-formed sheet used no doubt—it would be folded over once, fold over the other, and then by means of this blade, folded over this way.

The Court: Get that figured out, will you?

Mr. Schapp: If this edge were cut straight here, and this is laid down, there is no reason it should not be folded over like this without any change in the machine, and having a proper sheet of paper, which, of course, is assumed, a proper sheet of paper is to be used.

The Court: It is now four o'clock. We will adjourn until ten o'clock tomorrow morning.

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(An adjournment was here taken until tomorrow, Friday, November 8, 1940, at ten o'clock a.m.)

Friday, November 8, 1940—10 o'clock A. M.

ARTHUR JEROME KERCHER,

Recalled.

Recross Examination

(Resumed)

Mr. Schapp: Q. Mr. Kercher, the plaintiff apparently tries to create the impression that he was the first one to use the process of heat sealing in connection with moisture-proof cellophane. Do you agree with plaintiff on that?

Mr. Flehr: I object to that question as being a misstatement of fact.

The Court: What is the fact? Develop the fact, whatever it may be.

Mr. Schapp: Q. After you have studied the prior art do you know of any prior uses of the process of applying heat sealing to moisture-proof cellophane bags? A. Yes.

Q. I call your attention to the patent of Becker which was issued in 1930, No. 1,780,142, and I will ask you to read to his Honor the first paragraph of that patent.

A. "The present invention relates to the packaging or wrapping of articles in moisture-proof containers, usually of cellulose sheet material, particular regenerated cellulose which is known in the trade as 'Cellophane.' While the invention is particularly illustrated and will be described for the packaging of cigars, it is adapted and may be used for the packaging of a large variety of articles."

(Testimony of Arthur Jerome Kercher.)

Q. Thank you. I will ask you to read into the record the third paragraph of the same patent.

A. "The material used is preferably of the waterproof variety of 'Cellophane' which is coated with a light covering of paraffine which is fusible, and upon the application of heat and pres- [226] sure will seal the surfaces of the sheet together. The invention, therefore, proposes the use of a hot sealing and pressing operation which adhesively secures the material together."

Q. Thank you. Now, I also want to call your attention to the patent of Munson, No. 1,953,122, granted on April 3, 1934, on an application filed November 11, 1929, that was about five years before the plaintiff entered upon the scene, and I will ask you to read into the record the first sentence of that patent.

A. "The present invention relates to the manufacture of containers from webs or rolls of sheet material and particularly transparent cellulose sheeting."

Q. I also ask you to read from lines 25 to 36, inclusive.

A. "To render sheet cellulose of this type moisture-proof, it is generally coated with a thin transparent layer of a moisture-proofing composition. Such a coating upon the cellulose sheet presents other and new difficulties, including bonding and handling of the web in the making of containers therefrom. It has been found advantageous to use

(Testimony of Arthur Jerome Kercher.)

heat in bonding the folded portions of the container together, and it is one of the problems encountered in dealing with this material to incorporate heat-sealing units in an automatic container-forming machine.”

Q. Now, I will ask you to read that paragraph beginning with line 45.

A. “A more particular object of the invention resides in providing automatically-operating heat-sealing means on the container-forming machine.”

Mr. Schapp: Thank you. That is all, Mr. Kercher.

#### Further Redirect Examination

Mr. Flehr: Q. Mr. Kercher, referring to the Becker patent concerning which you have just testified, it is among Defendants’ [227] Exhibit B—Can I take these apart, Mr. Schapp?

Mr. Schapp: Surely.

The Court: Identify them for the purpose of the record.

Mr. Flehr: The number of the patents, your Honor, do you mean?

The Court: Whatever you are doing, so the record will show it.

Mr. Flehr: The Becker patent, No. 1,780,142.

The Witness: Munson, Corse, Johnson, Hesser, Cooley, Beyer, Becker.

Mr. Flehr: Q. Now that you have found that patent among Defendants’ Exhibit B, would you

(Testimony of Arthur Jerome Kercher.)

please point out what is disclosed in that patent other than what you have read from the patent?

A. "The container or wrapping produced by the method herein described is neat and attractive in appearance because of its glossy appearance and, in addition, keeps the articles wrapped and displayed therein fresh and in good condition, the articles being visible at all times through the wrapping material."

Q. I think you misunderstood me. What I want you to do is describe generally what the patent shows.

A. The invention shows a roll of cellophane material which has previously been formed into a tube of considerable length. This tube is rolled on an arbor and is pressed through the machine whereby it is cut into length. These lengths are impressed into rollers with a kind of a fold or seam, a groove, as it were, a line that would help the bending of the end of the piece cut.

Q. You have reference to rolls 15?

A. Rolls 15, yes.

Q. Then what happens to the material?

A. This material is then pushed through a folding device which consists of two plates marked 17 and 16 in the patent. It then passes through two rolls marked 18, which press the folds over tightly together. [228]

Q. Do you refer to an end fold now?



(Testimony of Arthur Jerome Kercher.)

A. To the end fold, yes. This is then successively passed between rollers which apply heat.

Q. Those are the rollers 20?

A. 20. The rollers 20, which have heating elements marked 21. Then it is passed between rollers marked 24 in which it is then passed into a mandrel for expanding it so the cigars can be placed in it.

Q. In other words, this machine is intended primarily for making small cellophane containers for cigars?

A. Yes.

Q. The sealing operation carried out by the rollers 20, would you tell me what part of the bag is sealed by those rollers?

A. The bottom of the bag.

Q. Is it a seal like either Plaintiff's Exhibit 8 or Plaintiff's Exhibit 15?

A. No, it is not.

Q. What type of a seal is it?

A. The bottom of that bag is sealed over and the entire materials that form the bottom of the bag are sealed together. The seal in the Becker patent is not made on the side of the bag, but on the bottom of the bag. In other words, the bottom surface of a bag and top surface are sealed together, folded over and sealed together.

The Court: Like the old paper bags, from the bottom?

A. Well, I could describe it better by actually showing you how it is folded over.



(Testimony of Arthur Jerome Kercher.)

The Court: Well, it is not important in any event. It is folded over.

Mr. Flehr: Q. I think I can make that clear, your Honor. What you mean, Mr. Kercher, is that the seal goes through all the thicknesses of the bottom and the top and the closed tube at the bottom of the bag?

A. That is what I mean.

Q. Will you please refer to the Munson patent 1,953,122? I wish [229] you would please describe to me the invention, or the machine which is shown in that patent.

A. The machine in the Munson patent has in addition to the mechanism for sealing the bottom of the tube a mechanism for taking a sheet of cellophane which is rolled up on a roll——

Q. That is 5 in Fig. 1 of the patent?

A. Yes. Roll 5 in Fig. 1 of the patent. This cellophane is passed over a roll marked 12 in Fig. 2, a tension device, 87; it is passed by a roll which applies a sealing contact to the surface of the cellophane. That roll is——

Q. By sealing contact, you mean something like glue or paste?

A. Something like glue or paste. This roll is indicated by the figure 26. This roll is also in contact with a container marked No. 17, which holds the glue or paste. The material with the glue or paste applied to one surface, or one edge, is next passed over a device which causes it to be folded around

(Testimony of Arthur Jerome Kercher.)

and over a mandrel or forming bar, illustrated in Fig. 9 by the figures 43 and 44.

Q. That is a continuous type of folding device?

A. A continuous type of folding device. This is passed along over and folded on the mandrel, which gradually changes its shape, so that in Fig. 10 the holding or pressure bar 57 would seal the two edges of that sheet of material together at a point marked "B".

Q. That is, that forms a longitudinal seal which is glued together?

A. Yes. That is then passed through the machine. The sections of this tube that have been previously formed are cut in Fig. 6 of——

Q. Mr. Kercher, just to simplify this: You have reference to the cutters 110 in Fig. 1?

A. Yes, I have reference to the cutter 110 in Fig. 1. It is then passed through a small conduit [230] and engages a roll marked 130 and 131 in Fig. 1, which press a groove near the end of the tube.

Q. Could you term that a creasing operation?

A. You could term that a creasing operation. It is then passed between rollers 150 and 151, or, rather, before that, it is passed through a device which folds over the crease on the bottom of that that has been previously made, and as illustrated in——

Q. You have reference to the device shown in detail in Fig. 15?

(Testimony of Arthur Jerome Kercher.)

A. It doesn't happen to be in Fig. 13.

Q. 15 is the one I referred to.

A. 15. Yes, I have reference to that device. In this device there is a plate 142, and a plate, 145. These are supported by blocks 144 and 143, the plate 145 having on its under surface, or a surface with respect to plate 147, serrated edges. These edges drag down the creased top of this bag and they are next passed between rollers which are designated in the Fig. 15 by 151 and 150.

Q. Just a moment. These plates you refer to, are they stationary?

A. They are stationary plates.

Q. They simply are a form of nozzle through which the end of the bag is forced? A. Yes.

Q. Proceed.

A. This is passed next through the rolls 151 and 150, on which this creased portion across the folded sides, or the end of this tube is pressed together. It then continues through the machine and a heating device is arranged to contact that part which is folded over, and this heating device is carried along with the motion of the part through the machine for a distance that would enable the parts to be heated and fastened together.

Q. Does it form a seal similar to the Becker patent, or is it different?

A. The seal is identical with the one in the Becker patent. [231]

(Testimony of Arthur Jerome Kercher.)

Q. In other words, it is a complete seal of those bottom edges of the bag to form a closed tab?

A. Yes.

Q. This machine shown in the Munson patent, would you say that that is a comparatively simple machine, or is it quite complicated?

A. The machine in the Munson patent is a machine that is very complicated.

Q. Do you think that machine would be easy for an ordinary operator to set up and operate?

A. It would be, yes.

Mr. Flehr: That is all.

Mr. Schapp: That is all.

Mr. Flehr: The plaintiff rests, here, your Honor.

The Court: The plaintiff has rested.

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CHARLES F. SCHULTZ,

One of the Defendants, Recalled in his own behalf;  
Previously sworn.

Mr. Schapp: Q. You have been sworn?

A. Yes.

Q. What is your full name?

A. My name is Charles F. Schultz.

Q. Your age? A. 33.

Q. Your residence?

A. Oakland, California.

(Testimony of Chas. F. Schultz.)

Q. Your occupation?

A. I operate a machine shop in Oakland, also a cereal manufacturing plant in Los Angeles.

Q. Are you one of the defendants in this case?

A. I am, yes.

Q. Who is the other defendant?

A. My brother, Ira E. Schultz.

Q. What has been your general experience with machinery, Mr. Schultz?

A. I have worked with machinery as far back as I can remember. In mechanics in high school I took an extensive course in auto mechanics. I did three and a half years of college training, also general machine design at the Central Trades School in Oakland, and I had developed cereal puffing machinery in connection with our plant that we once operated in Oakland; also an [232] automatic bag-filling machine, which is—some of which we have sold and are still in operation. The puffing machinery is still in operation. I have also developed some machinery for sealing—crimp sealing.

Q. In developing your machine did you do the work, yourself?

A. I did, yes, largely myself.

Q. Have you ever filed any patent applications on any machinery?

A. I have, yes, and received a patent on a bag-forming machine for Pliofilm.

Q. Are you familiar with the machine Defendants' Exhibit 1?

A. Exhibit 4?



(Testimony of Chas. F. Schultz.)

Q. Defendants' Exhibit A. A. Yes.

Q. Did you have anything to do with the development of that machine?

A. I worked for many months, in fact, years, developing that machine.

Q. Will you please state in related order just how you came to develop that machine, starting from the earliest beginnings?

A. In the early beginning we——

The Court: Fix the time.

A. In 1934 we began manufacturing cellophane bags for use in our cereal plant, and employed three girls to make them around forms quite similar as that Hunt method. We purchased a Simplex machine because we needed more bags.

Mr. Schapp: Pardon me a moment. Will you please give an exact description how you made your bags?

A. We made those bags around a wooden form. The sheet was wrapped, folded about a wooden form providing an overlapped area on one side and the end of the form, and the operator sealed this bag by the means of applying heat and pressure to the overlapping area on the end and side of the wooden form.

Q. Was that done by hand?

A. It was done by hand, yes. [233]

Q. Proceed.

A. We purchased a Simplex machine from Mr. Gaubert and we asked him, we complained of the



(Testimony of Chas. F. Schultz.)

machine being too slow for our purpose, and we purchased a set of gears and made the machine operate faster, and Mr. Gaubert installed these gears for us. We still couldn't manufacture enough bags, so we bought an additional machine. We still could not conveniently make enough bags for our requirements. I spent considerable time trying to figure a way that we could speed up the operation of Mr. Gaubert's machine, and I concluded that it was impractical, that it could not be speeded beyond the point to which it was operated. We then began developing a machine similar to the one you see marked Defendants' Exhibit A. We worked for over a year, around a year, and then used it for a short time in our own plant before we disclosed it to the public.

Q. When you say "we" whom do you mean?

A. I mean my brother, Ira, and I.

Q. When was that machine finished?

A. The machine was finished in our own plant, I believe, in 1936, or the early part of 1937.

Q. After you had finished the machine and operated it, did you find it successful?

A. We found it successful, and at least four times as fast as the other machine that we had been using.

Q. About how many bags could you manufacture on that machine per hour?

A. Referring to——

(Testimony of Chas. F. Schultz.)

Q. Your machine. A. Our machine?

Q. Defendants' Exhibit A.

A. We manufactured approximately 5000 bags, between four and five thousand bags per hour.

Q. Now, Mr. Schultz, you have already demonstrated the manner in which the machine works, and you have already given a description of the machine, and I hardly think it will be necessary to go through all that again, your Honor, unless your Honor wishes [234] to see it again. I just wish to call your attention to one particular point. This mandrel in your machine seems to be rather flexible. Is that a part of your machine, that the mandrel should be flexible or is that called for in any way?

A. It is not. It happens to be incidental. In fact, we have used a double thickness plate for making square type bags. It is absolutely fixed and will not flex. The mandrel shown, what we call a forming plate, shown on this machine is flexible. For that reason we desired a very thin member about which to wrap the bag, the thinner you can get, or still thinner, and still retain its shape and it would make a better finished bag. There is no purpose in flexing. In fact, the machine shown in the moving picture the other day had a spring on each of the—or should have had, was furnished by us with a spring on the two posts that hold the fold-retaining means and hold it down in contact with the upper surface of the folding plate, to keep it from making the up and down movement that we saw in the moving

(Testimony of Chas. F. Schultz.)

picture. Those springs either had been taken off or loosened to allow the plate to rise, as shown in the moving picture.

The Court: Well, there was no spring at all in the picture.

The Witness: They were there—apparently my brother pointed them out on the picture——

The Court: Well, it may be myself; I didn't think there was one there.

Mr. Flehr: Yes, your Honor, there were springs. This machine has no spring at all. They were supposed to have given us the details of this machine as they manufactured and sold it. It seems they took the liberty to take the spring off, or they didn't want to have it here. The machine we tested did have the spring on, and then we took the spring off to see what difference [235] it made.

The Court: I want to correct myself if I am in error. As I looked at it I didn't see any spring there to take that play away.

Mr. Flehr: The spring is here; your Honor saw it——

The Court: That is not what I am talking about. I am talking about a different one.

Mr. Flehr: Yes, I understand it. I was going to explain where the spring was.

The Court: I don't care where it was, or a thing about it. Was there a spring there?

The Witness: Yes.

(Testimony of Chas. F. Schultz.)

The Court: That is all I wanted to know. I want to correct my own error, if I was in error. I didn't think there was.

Mr. Schapp: Q. Is it desired for the operation of your machine to have that movement——

A. No, it is not desired. The springs were placed there to keep the mandrel from raising. If it raised to meet the other working parts that will tear the web. That is the purpose the springs were put there, to keep the mandrel from raising when the material was pulled.

Q. What would be the ideal condition in your machine with respect to the mandrel?

A. The ideal condition would be to have the mandrel spaced approximately .010 of an inch above the supporting member beneath the plate and be absolutely rigid.

Q. Have you been able to approach that desirable state?

A. Not in the plate that is shown on this machine. The other plate, which, if you desire it shown, is rigid.

Q. Have you the other plate here?

A. I have, yes.

Q. Will you please produce it?

The Court: I suggest to you, I am going to have these machines [236] operated again, both of them. If you can conclude your testimony without doing that then we will take time to operate both of them.

Mr. Schapp: I introduce this.

(Testimony of Chas. F. Schultz.)

Mr. Flehr: What are you introducing this for, Mr. Schapp, just as illustrative of the testimony, or as showing——

Mr. Schapp: This is illustrative, how the machine works.

Mr. Flehr: Because in your evidence you said nothing about this mechanism at the time we secured the evidence.

Mr. Schapp: And this is for the purpose of showing that is an absolutely rigid mandrel.

The Court: He has made an advance in the machine since you put in your evidence.

Mr. Flehr: I don't think that is correct. I think if the witness will answer the question I think he had that all the time.

The Witness: This plate is designed for making different type bags on the same machine.

Mr. Flehr: You had it on hand at the time we inspected the machine——

The Witness: I believe we did.

The Court: Well, proceed.

Mr. Schapp: Q. Will you please explain this?

A. This plate provides a double thickness whereby a gusset or tuck may be taken in the side of the bag, which tuck when the bag is opened gives the bag a square dimension rather than flat, and this plate is rigid, and it will take considerable pressure to bend this forming plate which is used interchangeably with the flexible plate that you see now in the machine.



(Testimony of Chas. F. Schultz.)

Mr. Schapp: I wish to introduce this plate in evidence and ask the same be marked.

The Court: This is off the record. [237]

(Discussion off the record.)

(The plate last referred to was marked "Defendants' Exhibit F.")

Mr. Schapp: Q. Now, Mr. Schultz, have you studied the patents which form part of the prior art? A. I have, yes.

Q. Have you gone through them very, very carefully? A. I have studied them carefully.

Q. Have you studied the Gaubert patent?

A. I have.

Q. In issue? A. Yes.

Q. Have you studied it very carefully?

A. I have, yes.

Q. Are you familiar with the terms used in the Gaubert patent? A. I am.

Q. Are you familiar with all the terms used in the prior references which have been brought to the Court's attention? A. I am, yes.

Q. Now, I will ask you in connection with the Beyer patent——

The Witness: Could we have that set up over here, Mr. Schapp?

Mr. Schapp: Now, Mr. Schultz, will you please explain to his Honor the operation of the machine shown in the Beyer patent of 1881?

A. Fig. A represents what is spoken of in the



(Testimony of Chas. F. Schultz.)

patent as a table top. Fig. B is called a forming plate. Figs. E and F are slidably mounted folding plates. On the end is another folding plate marked 1. Fig. C represents a connecting rod connecting the movable plate with a foot treadle d. g and h are spoken of as levers acted upon by the foot treadle when it is depressed. k is a raised ridge and j is a trough provided to hold glue or adhesive. I believe those are the main working parts.

Q. Will you please explain how the machine operates?

A. A sheet of paper is placed on the table top with edges resting [238] on the folding plates e and f, and one end resting on 1. The foot treadle is depressed, bringing down the forming plate b, with the top and center portions of the sheet. Next f moves in over the forming plate. Next the glue trough comes down supported on the raised ridge. Then folding plate e moves over the mandrel folding the paper about the edges of the mandrel, or forming plate. Then the end margin is folded over by a slidable member, a roller, which folds the material over the end and presses it down. The patentee stated that the paper was cut to size and cut in the usual manner for making paper bags. The paper bags today are cut away as Mr. Schapp cut away that bag the other day, on the bottom, to allow the glue to hold the material in place, and also so as not to require that fold line retaining means that was mentioned yesterday. This bag was

(Testimony of Chas. F. Schultz.)

picked up yesterday and is in use, it is a modern paper bag in use to-day. I might mention that the cut-away portion on one bag extends on top of the other bag, making it more easily opened.

Q. Mr. Schultz, have you made any attempt to reproduce the Beyer machine in a model?

A. I have reproduced it in a cardboard working model.

Q. Did you make this model that I am showing you?

A. This is the model that I reproduced of the Beyer patent from cardboard.

Mr. Schapp: To identify the model, I ask that it be introduced and marked Defendants' Exhibit G.

Mr. Flehr: Just as illustrative of this witness' testimony?

Mr. Schapp: I beg your pardon?

Mr. Flehr: Just as illustrative of this witness' testimony?

Mr. Schapp: Yes.

(The model was marked "Defendants' Exhibit G.")

Mr. Schapp: Q. Now, Mr. Schultz, will you please explain this [239] model to his Honor?

The Court: You will have to speak loud enough for the Reporter to hear you.

The Witness: This upper surface represents a table top. We have produced it in cardboard, members that can be moved over the forming plate. We also have here a cardboard section representing the

(Testimony of Chas. F. Schultz.)

folding plate mentioned by Mr. Beyer; this represents pre-formed sheets we have chosen to cut with square sections from the edges of the sheet——

The Court: Is that the way they are cut when on the machine?           A. It could be cut.

The Court: Not what it could be. What is the fact?

A. We didn't try to cut on rounding cuts such as——

The Court: What is the purpose of cutting this bag?

A. It is to allow this to fold without a fold-like retaining means.

The Court: We are not here concerned with a full crease.

A. If you so desire I will cut a piece.

The Court: No. I just wanted you to get my thought on it. You proceed in your own way.

The Witness: The patentee merely stated the fact that the sheets are cut in the usual manner for making paper bags. What the usual manner was in that date, 40 years ago, we are unable to know exactly. What the usual manner is to-day——

The Court: We will leave that to the lawyers. They will tell us.

The Witness: The usual manner to-day, what there is described by the cut-out portion on this paper bag, we interpreted the usual manner to mean that notches are formed on the two corners on one end; the material that is cut away is merely wasted

(Testimony of Chas. F. Schultz.)

[240] when it is turned up, anyhow. If you cut the bag straight across, turn the material up, the bag is no stronger than it would be if this top section were cut away. There is only one thickness to tear along this bottom area regardless of whether this material is cut away, whether the bottom is turned up or whether the material is cut and folded in the bottom seam, it is not used, in fact it makes it harder to glue or harder to heat seal a bottom, because the heat must penetrate through this sheet, through this sheet to the third sheet. If it is not cut away it merely makes it a little easier to cut a sheet squarely or rectangularly than to cut away a portion of it in the other operation.

This sheet is placed on the table top, the table top serving a definite function, to hold the sheet of paper in place. The forming plate is brought down upon the sheet by the foot treadle and connecting rod. Next one side member is brought in over the plate which folds the material at substantially 180 degrees. Next the glue would be brought down, the glue trough would be brought down to place adhesive on the edges of the sheet. Then this other slidable means comes in over the forming plate and folds and presses down the sheet. Then the glue trough on the end acts on the sheet to deposit a small amount of adhesive and the end member carrying a roller slides in over the end and rolls the end of the paper over the end of the forming plate.

(Testimony of Chas. F. Schultz.)

Mr. Flehr: When the operator is there.

The Witness: These are all retracted, the mandrel is raised by a spring and a weight and the finished bag is taken off by the operator.

The Court: It is now time to take a recess.

[241]

(After recess:)

Mr. Schapp: Q. Does the Beyer patent say anything about the shape of the sheet that is used to form the bag?

A. It said the sheet is cut in the usual manner for cutting paper bags, the usual or customary manner. I think it is usual.

Q. Calling your attention to line 55 on page 2 of the Beyer patent, I will ask you to read it.

The Court: It reads as follows—you read it.

Mr. Schapp: Which reads as follows:

“The paper is previously cut out in the ordinary manner for bags.”

Q. Mr. Schultz is there anything unusual in forming a blank with a flap?

A. I see nothing unusual. It seems to be still customary to cut them out sometimes.

Q. Isn't that done with most bags you see on the market at the present time?

A. Yes, it is done.

Q. I call your attention to the Hunt patent and ask you to briefly explain this patent to his Honor.

A. In the Hunt patent Fig. A is a sheet of paper showing the face. Fig. 2 shows the edge. Fig. 3 shows



(Testimony of Chas. F. Schultz.)

a block around which the paper is wrapped. Fig. 4 shows the sheet of material wrapped around the block. Fig. 5 shows the sheet wrapped around the block and the bottom folded over the block. Fig. 6 shows the block with the sheet wrapped around it and a heated element spoken of as a presser pressed with the handles D' over the overlapping area, one end, and the edge of the block. Fig. 7 shows a different view, side view of Fig. 6.

Q. Have you made a model to represent these parts shown in the Hunt patent to which you have just referred?      A. I have, yes.

Q. Is this the model?

A. That is the one. This is the model [242] I made to demonstrate the Hunt patent.

Mr. Schapp: May I introduce this model at the present time and ask it be marked Defendants' Exhibit H?

(The model was marked "Defendants' Exhibit H.")

Mr. Schapp: Q. Will you please explain to his Honor how the invention works by way of that model?

A. I hold in my hand a wooden block representing Fig. 3 in the Hunt patent. A sheet of paper, I believe wax paper is mentioned in the Hunt patent, that will fuse with heat at pressure, is wrapped around the block providing an overlap area. Then the bottom——



(Testimony of Chas. F. Schultz.)

Mr. Flehr (Interrupting): Just a minute, Mr. Schultz. Will you tell everything that you are doing there, including the Scotch tape you have?

A. I am wrapping the sheet of paper——

Mr. Flehr: You are taking off the Scotch tape?

A. The Scotch tape was put on here to keep the sheet from getting lost. I am wrapping around this form a sheet of wax paper. I am holding this with one hand and forming a bottom. Next a presser which is heated and held by handles D' in the figure is pressed on the overlap area, and it fuses the wax on the wax paper, the wax coating, and the presser is removed and the finished bag is taken from the form.

Mr. Schapp: Q. Now, Mr. Schultz, I read to you Claim 2 of the Gaubert patent and will ask you whether you find the different parts of the Gaubert patent in the Beyer patent.

Mr. Flehr: May I have that question read?

The Court: Read the question.

(Question read.)

Mr. Schapp: "In a machine of the character described for the manufacture of paper bags from sheet material like 'Cellophane'"—Is that made from sheet material in the Beyer patent? [243]

A. It is made to handle sheet material.

Q. "A frame forming an operating table."

A. Fig. A is called in the patent a table top.

Q. "A plate-like mandrel movably secured to said table."

(Testimony of Chas. F. Schultz.)

A. I find that as Fig. B of the Beyer patent. It is movably secured; as I interpret that it moves at the point of attachment or securing.

Q. "Whereby a sheet of said material can be placed between one side of the mandrel and the table." Is this mandrel secured in such a manner that a sheet of paper may be placed between the mandrel and the table? A. Yes, it is.

Q. "Means for folding the side margins of the sheet over the side edges of the mandrel."

A. Yes. Those are provided as Figs. E and F, called forming plates.

Q. "Means for folding a projecting end margin of the sheet over one end edge of the mandrel."

A. Yes. That is Fig. L in the Beyer patent.

Q. "And means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end margin overlaps the side margins."

A. Whether pressure is mentioned, I don't know. Heated surface is not mentioned in the Beyer patent.

Q. Very well. I will ask you to apply the same claim to your own device. I will read the claim again to you and I will ask you to find, if you can, any part in your own machine.

"In a machine of the character described for the manufacture of paper bags from sheet material like 'Cellophane'."

(Testimony of Chas. F. Schultz.)

A. We have no provision for handling a sheet of material on our machine.

Q. "A frame forming an operating table."

A. For the purpose of [244] holding the material between the mandrel and the table top, or for any other purpose, we have nothing that I construe to be a table top. We do have a slight support under a portion of the forming plate.

Q. "A plate-like mandrel movably secured to said table whereby a sheet of said material can be placed between one side of the mandrel and the table."

A. There is no way that you can place a sheet—the machine doesn't provide any way of placing a sheet between the forming plate, as we call it, or the mandrel and the table top, as mentioned, unless you were to take and flex the material by hand and place the sheet under. The machine in its operation doesn't provide any means for raising the mandrel or for placing a sheet of paper any place in the machine.

Q. Is your mandrel movably secured to its support?

A. The mandrel is locked at all times at the place of support. It is necessary to the operation of the machine that this part be secured in a tight manner so there will be no movement at that point.

Q. Is it required for the operation of your machine that the mandrel be flexible in any way?

(Testimony of Chas. F. Schultz.)

A. It is not. The mandrel; if it were possible to space it from the top of the machine, or from the support under it, it would never have to move.

Q. Now, do you have "means for folding the side margins of the sheet over the side edges of the mandrel"?

A. I want to call attention to the sheet, the web of material, is held at such an angle by the fixed roller that the web folds in the air, folds before it reaches, or before it touches the end of our forming plate to a degree, an angle of approximately between 45 and 90 degrees, and that the next folding is accomplished toward the end corner of the plate. We provide no means for folding it [245] over, folding a sheet over the side margin of the mandrel or plate.

Q. Will you please refer to the side margin of the mandrel, point that out?

A. I consider this a side margin, from this point. The side margin of the mandrel as described in the other machine would be only the sides where the bag, itself, is formed and made. In a forming plate, our forming plate the side of our forming plate extends from this corner to this corner.

The Court: The length of the plate?

A. The length of the plate, the side.

Mr. Schapp: Q. Does any folding take place here in the forward end of the mandrel?

(Testimony of Chas. F. Schultz.)

A. No folding whatsoever. That is all accomplished previous to that point.

Q. "Means for folding a projecting end margin of the sheet over one end edge of the mandrel." Do you find any means for doing that?

A. Well, I find no means for holding the sheet. It is absolutely essential that the mandrel hold the sheet securely, if you are using a sheet, that the mandrel takes the sheet securely between the mandrel and the table top while that end edge is being folded. We have no provision for a sheet and no provision to hold a sheet between the mandrel and the table top. Therefore, we could not hold it in place while an end projecting margin, a projecting end margin were folded over the end of the forming plate.

Q. I call your attention to the end sticking out here in front. I will ask you, does that end in your machine fold over the forming plate or mandrel?

A. In our machine the end margin folds over the fold line retaining means, and we have provided approximately a quarter of an inch ahead, or in front of the forming plate—this is occasioned by the use of pinchers, advancing [246] means, means to project that margin ahead of the plate by which to take hold of the material for advancing. We do not fold over the end margin of the plate. We do fold over this fold line retaining means, which comes ahead of the plate. Therefore, the bag, when it is formed, projects ahead of the plate a suffi-



(Testimony of Chas. F. Schultz.)

cient amount to be taken hold of without touching the plate to be drawn off.

The Court: That will be operated again so we can get the arrangement of it.

Mr. Schapp: Now, I will read the next:

“And means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end margin overlaps the side margins.” Do you provide any——

A. The area where the end margin overlaps the side margins would be at this point. We do apply heat and pressure across the end of the plate and at different distances along the longitudinal seam which never comes closer than an inch and a half from the end or cross seam, within that direction of the seam of the overlapped area. That is not contacted in one operation. It is contacted only because the heater working back here, we will say, is exactly the same length as the bag to be pulled out. Therefore, a bag six inches long and the heater, say, six inches and a half—six and one-eighth inches, here, a continuous movement at this point would make one continuous line. This point could be anywhere on the machine. It could be clear back here. If this same six inches were sealed successively there would be a continuous longitudinal seam perfectly sealed in the web of material. Then it is only necessary to seal a cross section to form a completed bag.



(Testimony of Chas. F. Schultz.)

Q. Would you call your heater used in this machine a heating [247] surface?

A. In fact, we have two heated surfaces, either one of which may be removed at any time separately from the other, and they are spaced apart. In this particular machine set up now they are spaced at least six to eight inches from each other. The heated surfaces that contact the material there form a right angle but hardly a T.

Q. Does your heater, as used in your machine, perform the heating operation in a single operation?

A. It does not. The first operation on this bag shows the bottom formed perfectly, and shows a portion, depending on where this heated surface is placed, anywhere from an inch and a half to sixteen inches from the other seam, sealed perfectly. In between those two points there is no seal in the first operation.

Q. Now, Mr. Schultz, I refer you to the heater shown in the patent. I will ask you whether you could use that heater shown in the patent in connection with your machine.

A. We could not use that heater. If we attempted to use the heater as shown in the patent it would rest on this fold line retaining means and could not contact the material.

Q. On the other hand, if I call your attention again to the two machines, could you use your heater on the Gaubert machine as shown in the patent to make a complete bag?

(Testimony of Chas. F. Schultz.)

A. It would be absolutely impossible to use our heater, because the bag would show an area at least an inch and a half long on the longitudinal seam that was not sealed.

Q. In your heater is it possible, according to your construction, to bring the longitudinal heating element close up to the transverse heating element?

A. The machine operates much better when this longitudinal heating surface is placed as far as possible from the cross seam. The purpose of this is to allow [248] cooling of the machine and of the sealed surface, so that the two halves, or two surfaces of the bag would not stick together after the bag is completed on a machine as fast as this. We have actually had the bag stick together so when you filled the bag you had to force the two sheets apart. We overcame that by, in a small bag when we operate the machine at top speed, placing the longitudinal heated surface as far as possible from the cross heated surface.

Mr. Schapp: That is all, Mr. Schultz.

#### Cross Examination

Mr. Flehr: Q. Mr. Schultz, I believe you said that you made bags by hand in your establishment according to the Hunt method.

A. Very similar.

Q. What kind of a heater did you use?

A. We used an electric sealing iron.

Q. That is something like a common flatiron?

(Testimony of Chas. F. Schultz.)

A. No, it was not like a common flatiron. It provides a long heating surface. We used only one long heating surface with a wooden handle attached to it that we used first on one seam, then on another seam.

Q. You first put it on the end and then on the other side?           A. Yes.

Q. You referred to springs upon Defendants' Exhibit B (Defendants' Exhibit A) for holding down the mandrel. Do you have those springs upon all of your machines?

A. We do. All of our machines are provided with those springs. The machine shown here was brought to this Court because it was the machine from which the drawings, our drawings were made, and because we had this machine available.

Q. You have complete drawings of your machine, have you?           A. Yes, we have. [249]

Q. I believe your counsel stated you had no drawings. Would you come down here, please, Mr. Schultz, and tell me just where those springs are to be placed? Do you have any of them, by the way?

A. Not presently with me. We do in our establishment. The spring is put on the projecting portion of the two posts that hold and move the fold line retaining means to hold it down, which in turn holds the front end of the forming plate down.

Q. Resiliently, so it can raise a certain amount?

A. The function of the machine does not require—

(Testimony of Chas. F. Schultz.)

Q. Please answer the question.

A. I believe it is still possible to detect a very, very slight movement up and down on the plate. I have not checked that point carefully.

Q. How are the springs held in place, Mr. Schultz?

A. The springs are wedged downward on these posts.

Q. Mr. Schultz, I will have to ask you to produce such springs. Will you, please?

A. I can't today; they are not available at the moment.

Mr. Flehr: Well, your Honor, these people are contending that they are using something which avoids the movement here, or, at least, cuts down the amount of movement. I certainly think they should produce those springs to show what they say they are doing.

The Court: Why can't you produce them?

The Witness: We don't have them with us. I can wrap some adhesive tape around the post to represent a spring to hold that member down, which would serve the same purpose as a spring, or Scotch tape, anything that is available. I am sorry we do not have the springs. I did not know they would be mentioned or had any bearing on the case.

The Court: Let's proceed. I am not presenting the case. [250]

(Testimony of Chas. F. Schultz.)

Mr. Flehr: Q. The springs, you say, are not fastened down anyway, they are simply put on there frictionally?

A. They are put on there frictionally?

A. They are put on there frictionally, yes.

Q. Isn't it a fact the reason why you have the springs on some of these machines is that in certain instances the moisture-proof cellophane sticks badly to your heater so when you pull up your heater your mandrel will come all the way up with the heater?

A. No, that is not true. It has never done that.

Q. What I mean is, without those springs under certain circumstances and with a certain type of cellophane you get sticking action which jerks the whole mandrel up and may possibly make the machine inoperative?

A. No. The machine as shown here without the springs will operate perfectly. The springs are only used when the machine is speeded to full speed, the jerking movement of the advancing means on the web go over an arc from a point of attachment, or a point when they contact the material, making it describe an arc in the outward movement. There is sometimes vibration on the plate. I have not noticed a sticking of the heated surface and to the material, itself. If there is any sticking it will stick to the plate, itself. The material will stick to the plate but not to the heated surface to any appreciable extent.



(Testimony of Chas. F. Schultz.)

Q. Then do I understand you that if you would take those springs off this machine the machine for all purposes would operate just the same as you demonstrated here, or as shown in the motion picture?

A. The machine will operate either with or without the springs, both ways.

Q. And you get motion of the mandrel in both instances?

A. You get more movement without the springs than with the springs, [251] decidedly so. I didn't know the point was so important to your case. I haven't watched the slight movement—it is very slight.

Q. Movement of the mandrel when the springs were firmly in place, well, with or without the springs, you get that movement of the mandrel so that when the heater raises up there is sufficient clearance below the mandrel and you can pull the paper through?

A. There is always sufficient clearance between the mandrel and the support to allow the bottom of the paper, which is possibly .010 of an inch——

Q. To allow the paper to be drawn through?

A. It doesn't take any more space when the paper is drawn through than it does when it is resting.

Q. When it is resting on what?



(Testimony of Chas. F. Schultz.)

A. When the machine is in a resting position—when the machine is not in operation the plate, or the distance between the plate and the support is exactly the same; it doesn't need to be any greater when the machine is in operation than when the machine is resting with the web about the plate.

Q. Nevertheless, as this heater comes up and as we saw in the picture there is a definite raising movement of the mandrel which has the effect of framing the paper so it can be drawn through between the mandrel and the—

A. (Interrupting) I don't know exactly what you mean. You seem to infer—

Q. I am asking you a straightforward question.

A. I am trying to answer the question. You seem to infer there must be more space in a forward movement of the material between the mandrel and the back than when the machine, or when the plate and the machine is not in operation. The forward movement of the cellophane does not require any more space between the two members than is required when the machine is first operated, or [252] when the material is first brought through.

Q. What is the thickness of moisture-proof cellophane?

A. Let's say .010 of an inch. I don't know exactly what it is.

Q. Let's say .003 of an inch.

A. All right, that is satisfactory.

(Testimony of Chas. F. Schultz.)

Q. You mean to tell me if the spacing between the lower side of the mandrel and the top of that table is .003 of an inch then you could freely draw the cellophane between the mandrel and the table at the same time with the cellophane .003 of an inch?

A. The cellophane .003 of an inch and the spacing .003 of an inch you could draw cellophane through there.

Q. You could freely draw it through?

A. It is not necessary to draw it freely. It will draw through. It will touch both surfaces, it will just draw through.

Q. If you have cellophane .003 of an inch it would be practical to have a perfectly rigid mandrel which could not move a fraction of an inch and with a space .003 of an inch——

A. Well, three and a half thousandths might be preferable.

Q. Well, let's assume you do have .0035. What happens when the heater comes down upon the mandrel?

A. If the spacing was .0035 and paper was .003 and the paper didn't yield, the mandrel would have to spring one-half thousandths of an inch, which no person could detect with the naked eye.

Q. Is that why you say there is no movement, because you couldn't detect it?

A. Basically so. If you are confining your question to a half of a thousandth of an inch why it

(Testimony of Chas. F. Schultz.)

is very difficult to say yes or no when I haven't been accustomed to looking at surfaces of a half a thousandth of an inch.

Q. Is that why you testify that this mandrel, this resilient mandrel of the defendants' Exhibit B (Defendants' Exhibit A) [253] does not move, simply because it moves such a small amount?

A. Because I have not seen or paid any particular attention to the movement when the springs come in place or otherwise. I say that it doesn't move, it is not the intention of the machine to have the mandrel move.

Q. But it does move, and, as you have testified, even though your mandrel is rigid it would be better to have it spaced somewhat greater from the table and when the heater comes down it would spring down to heat the cellophane; is that right?

A. Basically true.

Q. You have produced a paper bag here this morning. Is this the bag you produced?

A. It appears to be the same bag that I produced.

Q. How do you describe that?

A. I describe this as having a cut-away portion on the upper surface, generally describing a circle or crescent approximately an inch and a quarter of the material being cut away.

Q. You just went out and got that on the open market?      A. Correct.

Mr. Flehr: I offer in evidence the bag which the witness produced.

(Testimony of Chas. F. Schultz.)

The Court: It will be admitted and marked.

(The bag was marked "Plaintiff's Exhibit 21.")

Mr. Flehr: Q. On this model, Defendants' Exhibit G, the wax paper blank that you have which has cut out corners is not exactly corresponding to a paper bag, is it?

A. Not exactly. I just cut that very crudely with a pair of scissors. It was not cut with a machine.

The Court: It was cut for the purpose of this operation?

A. Of this operation, to show how the machine operated, yes.

Mr. Flehr: Q. In other words, you have square cut corners, [254] here? A. Yes.

Q. Referring to this wax paper from the model, Defendants' Exhibit G, as I understand it glue is attached to the tab; is that correct?

A. I think so.

Q. And then it is glued across? A. Yes.

Q. That will leave small openings in the corners, will it not?

A. It is liable to leave a small margin.

Q. What I am saying, if you glue across the edge of that tab to one side of the bag then the bag simply has open corners?

A. I can't say that the corners would be any different either in this case or if you have one of the other bags. I believe you will find the corners, so far as the air getting into the bag, would be

(Testimony of Chas. F. Schultz.)

the same whether as what you have cut away, or whether merely sealed overlapped sides.

Q. I am not talking about bags sealed sufficiently tight to be watertight. I am calling your attention to the corners and asking you if those corners are not open on that type of bag.

A. I believe they are open.

Q. Would you put that paper back into the model a moment, please?

A. All right.

Q. Now, I am putting the side folded member over the top of the bag and I am putting the end folded member over the top of the end. Is that the position?

A. As I interpret the patent, no. It says the members do not touch. It doesn't say how far they cover the back. It is not necessary for them to more than fold, due to the folding operation. It says they do not touch, it doesn't state how close those members approximate each other.

Q. As I handed you the model, I had moved the side folding members into the point where their edges contacted, and I had also moved the end folded member into point of contact, the end edge [255] with the side folded members. Just where do you find in the specification a statement to the effect they are not moved in——

A. As I remember——

Q. I am referring to the specification of the Beyer patent.



(Testimony of Chas. F. Schultz.)

A. As I remember, it says in the description of the Beyer patent——

Q. Point it out.

A. The ends do not touch.

Mr. Schapp: I have got it here, Mr. Schultz.

Mr. Flehr: That is a marked copy; I am sorry.

The Witness: Thank you. Which page?

Mr. Schapp: Well, I refer you to page 1, line 50, on the first column.

The Witness: I am reading from the Beyer patent, line 50, page 1:

“They approach each other but do not touch.”

Mr. Flehr: Q. What does that mean to you?

A. It means that we have no way of determining how far on that plate that those members move.

Q. You testified about the desirability of bringing some pressure to bear upon the overlapping edges of the paper, I believe.

A. I mentioned pressure, yes.

Q. About the only way you can get pressure is to bring the edges of those side folded members over the top of the overlap?

A. It is not required to exert any pressure whatsoever. The overlap areas would probably be sealed by the roller in this member and by a pressure down by this member, which serves no other purpose than folding. There is no pressure exerted on the light slidable folding plate.

Q. All right. To save time, suppose you fix on the model, Defendants' Exhibit G, the way you



(Testimony of Chas. F. Schultz.)

think it should be at the end of the folding operation?

A. I believe this may be folded over [256] at any point that would accomplish a perfect folding over upon the plate which would probably be, may be half way on that plate, and this member comes somewhat further. It doesn't say. It says they didn't touch. It is just an interpretation. You asked me to place it where I thought it should go and I placed it at a point similar to that.

Q. Any particular reason for your leaving such a gap between the adjacent edges of the side folding members?

A. The reason being that I have no way of knowing where the adhesive was applied.

Q. There are quite a few things lacking in that Beyer patent, don't you think so, Mr. Schultz?

A. There is one decided thing, as we pointed out, and that is a heating element.

Q. How do you propose to put this heater from your model, Defendants' Exhibit H, how do you propose to use that with that Beyer patent?

A. If I were using it in conjunction with the Beyer patent and for a heat seal instead of a glue seal, I would grasp this by the handle marked D' on the Hunt patent and press it on the overlap area. Now, I could press that either for these members—in other words, I could, if you want to say that these members—here, where this is applied, I could raise my foot slightly and place this heated

(Testimony of Chas. F. Schultz.)

surface on the overlapping area by using the reverse side, which is shown and described as a T shape or cross. I could use that on the overlapping side, even though these members may approximate each other very closely, I could raise my foot just slightly and I could place this heated surface on the overlapping area to form a heat seal in place of the glue seal.

Q. In other words, when you use the Hunt heater corresponding to your Defendants' Exhibit H instead of using the near sur- [257] faces which are at right angles to each other you would ingeniously use the back surface? A. Yes, I would.

Q. Now, coming to this Defendants' Exhibit H, would you take a plain piece of paper—do you wish to take a recess, your Honor?

The Court: I want to conclude the case.

Mr. Flehr: This witness has put in a lot of testimony and I am going to have to straighten it out and then I had two witnesses on rebuttal. I am very sorry we have not moved faster. I did not realize this witness would cover such ground, your Honor.

The Court: How long will it take you?

Mr. Flehr: Well, I would say it will take half an hour for the cross-examination and about that time for the other two witnesses.

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(A recess was taken until two o'clock p.m.) [258]

(Testimony of Chas. F. Schultz.)

Afternoon Session—2:00 o’Clock

CHARLES F. SCHULTZ,

Cross Examination (Resumed)

Mr. Flehr: Q. Mr. Schultz, during the noon recess did you prepare another blank for use with Defendants’ Exhibit H? A. I did, sir.

Q. Would you just as quickly as you can fold that blank about the block in the way you understand the Hunt patent described? A. I will.

Q. Just describe for the record what you are doing.

A. I am wrapping a piece of wax paper about a wooden block as shown in Fig. 3 of the Hunt patent.

Q. You are holding that with your left hand?

A. I am holding it with one hand and vertically sealing the paper upon the block, the overlap area. Next I bring this from right to left over the end of the block.

Q. You are holding those with your first finger?

A. I am holding those two folds with the first finger of this hand. Next the back is folded over and lastly the front portion is folded over to make an overlap area on this part of the block. Now, it remains to put a presser over those areas and seal them.

Mr. Flehr: Do you wish to substitute this for the fold that was referred to, Mr. Schapp, before, as having been correctly folded, as I understand it?

Mr. Schapp: No; that’s all right.

(Testimony of Chas. F. Schultz.)

Mr. Flehr: Q. Now, Mr. Schultz, will you please step down here to this Defendants' Exhibit B (Defendants' Exhibit A). As I understand it, this heater is pulled down with considerable force during the sealing operation?

A. This heater is pulled [259] down during the sealing operation by hand. You can hardly notice it pulled down, but it is pulled down. I don't know what you mean by "considerable force".

Q. As I understand it, you told me the force might be sufficient to compress all the thicknesses between the heated body and the back. Would that cause a movement between the studs and the back?

A. Yes.

Q. How many pounds pressure would you say that would be? A. About 50 pounds.

Q. You can't see it in the machine as you have it set up. Can we lift up the mandrel?

A. By taking the machine apart.

Q. Can't you cut the paper? This 50 pounds you spoke about, as I understand it, is taken up and resisted by this structure immediately underneath the mandrel? A. Yes.

Q. It happens to be a T-shape also.

A. It is not connected but it generally describes a T.

Q. That T, then, of course, is fastened to these bars, and the bars are fastened to the frame of the machine? A. Yes.

(Testimony of Chas. F. Schultz.)

Q. That is a very rigid support?

A. That is rigid, yes.

Q. You spoke about this fold line retaining bar being advanced about one-half inch beyond——

A. One-quarter.

Q. One-quarter of an inch beyond the end of the mandrel? A. Yes.

Q. During the folding operation how long is the extension of the paper that you are folding there?

A. During the time of folding? During the time folding is being accomplished, you mean how long does that stay in that position?

Q. I mean how much of the cellophane do you fold over, what length?

A. You mean from here, these two points?

Q. That's right. Approximately three-quarters of an inch, one-half inch is folded over the end of the mandrel, is it not? A. Yes. [260]

Q. The other quarter—— A. Extends——

Q. (Interrupting) According to your interpretation, is simply folded over the fold line retaining means? A. Yes.

Q. When the fold line retaining means is moved out of the fold, as it does, before the heater comes down, then the heater presses that folded part approximately on the end of the mandrel?

A. Yes.

Q. In other words, the end of the mandrel makes a separation between the part that you are sealing and the other side of the bag? A. Yes.



(Testimony of Chas. F. Schultz.)

Q. Now, while we are here, do you have one of the long bars that you used in this heater when you made a large-sized bag?

A. I have at Oakland, not here.

Q. You haven't one here?

A. No. It is not necessary for this size; see, you couldn't use it.

Q. You sell this machine for large-sized bags?

A. Yes.

Mr. Flehr: Your Honor, I don't want to postpone this case to produce that part. It is a part of this machine.

The Court: Well, you can get a stipulation on the bar, maybe. What is it for?

Mr. Flehr: Will you produce one, yourself, and put it in evidence, Mr. Schapp, upon stipulation? The long size bar that goes in this machine.

Mr. Schapp: Certainly.

Mr. Flehr: It is a standard piece of equipment which comes with the machine, doesn't it?

The Witness: Yes.

Q. Suppose you sell this machine for the large-sized bag that the machine is capable of making, then you will sell a long bar to go into the heater?

A. Yes. [261]

Q. That is what I mean.

A. If I didn't—if we sell it for a small bag, if the customer uses only a small bag we furnish the heater for the same length bag that his requirements suit. We would not furnish various bars.



(Testimony of Chas. F. Schultz.)

Q. I am handing you a drawing and ask you if that is not an accurate showing looking at the lower side of your heater when you have it, when you have the long bar in the heater.

A. I believe it is.

Mr. Flehr: I offer in evidence this drawing the witness has just identified.

(The drawing was marked "Plaintiff's Exhibit 22.")

Mr. Flehr: Q. Now, also, while we are here, I want to make this point clear: On one operation of this heater when the heater is pressed down you make both a longitudinal seam and a lateral seam at the bottom of the bag in one operation, do you not?

A. You could if the seam is made in one operation.

Q. That is not what I am asking you. I am saying, in one operation you make both a longitudinal seal and you make a lateral bottom seal?

A. Yes; disconnected.

Q. In one pressing operation?

A. Yes, disconnected.

Q. When you were speaking a minute ago, explaining the effect of performing a sealing operation back here when you manufactured bags which are approximately one-half the length of this heater, what you really were calling attention to was the way you were cycling this machine upon

(Testimony of Chas. F. Schultz.)

two sheet portions; isn't that correct?

A. That is true.

Q. Mr. Schultz, this bar, if I take that out of the machine would the machine work?

A. No; not satisfactorily. It will after a fashion.

Q. After what fashion?

A. It will make bags. [262]

Q. What kind of bags?

A. That might be arranged.

Q. Did you ever try to work the machine that way? A. Yes; accidentally.

Q. How did it work?

A. It has made bags, they are not as satisfactory; they are not folded as neatly.

Q. Will you run your machine and try to make some bags that way?

The Court: Well, I think his admission is sufficient for all purposes.

Mr. Flehr: All right, your Honor.

Q. Now, do you find anything in the prior art which shows a fold line retaining means in conjunction with a mandrel in a machine for making bags? A. At the moment I don't recall any.

Q. You don't know of a thing, do you?

A. I don't recall anything in the prior art.

Q. Mr. Schultz, are you familiar with the so-called file wrapper of the patent in suit?

A. I have read it.

Q. You know what I mean?

A. Yes.

(Testimony of Chas. F. Schultz.)

Q. Do you know whether or not the Beyer and Hunt patents were cited by the Patent Office and considered by the Patent Office at the time the application was issued into a patent?

Mr. Schapp: I object to that. If they want to introduce the file wrapper they may do so.

Mr. Flehr: I shall.

Mr. Schapp: It is not the best evidence.

Mr. Flehr: I simply wanted to know whether or not this witness had taken the trouble——

The Court: He may answer if he knows.

Mr. Flehr: Do you know?

A. I believe they were alluded to; they were not mentioned at any great length.

Q. Are you positive of that?

A. Yes. [263]

Mr. Flehr: Your Honor, I will offer at this time a certified photostatic copy of the file wrapper of the patent in suit.

The Court: Admitted and marked.

(The file wrapper was marked "Plaintiff's Exhibit 23.")

Mr. Flehr: Incidentally, your Honor, I may state at this time that both the Beyer and Hunt patents were cited and were considered by the Patent Office before the patent was granted.

Q. Can you identify this device I am handing you?      A. Yes.

Q. Is that one of the springs you were talking about this morning?      A. It appears to be.

(Testimony of Chas. F. Schultz.)

Q. Will you show us how that goes on your machine?

A. Two of these are required, one on each of the posts that move the sliding bar, moves by friction, hold a spring tension down on the fold line retaining means.

Q. You have one upon each of the two fingers?

A. Yes.

Q. As you pointed out, they are held simply by a light frictional engagement upon the upper end of the pin?

A. I wouldn't say "light frictional"—depending upon adjustment.

Q. What adjustment?

A. Sometimes it is all you can do to pull them off. They are not really light——

Q. Are they very heavy?

A. Let's say medium.

Mr. Flehr: I offer in evidence the spring the witness has identified.

(The spring was marked "Plaintiff's Exhibit 24.")

Mr. Flehr: Now, Mr. Schultz, if you can come down here again, this little finger, as you had set up the machine during the noon recess, that finger is inserted between the fold, isn't it?

A. Yes.

Q. That is the proper place for it?

A. Yes.

(Testimony of Chas. F. Schultz.)

Mr. Flehr: That finger is identified in Plaintiff's Exhibit [264] 11 by the letter "C-3," is it not?

A. Yes.

Mr. Flehr: That is all.

Mr. Schapp: That is all, Mr. Schultz.

---

The Court: Call your next witness?

Mr. Schapp: Your Honor please, I understand your Honor would like to have the machine in operation at the end.

The Court: I want to hear all the witnesses first.

Mr. Flehr: What demonstration are you referring to, Mr. Schapp?

Mr. Schapp: Demonstration of both machines.

Mr. Flehr: Your Honor, I did not understand I am going to put on another demonstration, but it was my understanding that you wanted to see this machine operated with a special mandrel.

The Court: Yes, after hearing the testimony I want to see both.

Mr. Flehr: Are you resting?

Mr. Schapp: I rest.

RENE J. GAUBERT,

Recalled for Plaintiff in Rebuttal (previously sworn).

Mr. Flehr: Q. Mr. Gaubert, this machine of yours, Plaintiff's Exhibit 4, can you operate that machine to make bags with a gap in the longitudinal bar of the heater corresponding to the gap in Defendants' Exhibit B (Defendants' Exhibit A)?

A. Yes.

Q. Would you show the Court how you could do that?

A. I can take this strip so I will have a strip that will have a gap of considerable length.

Mr. Flehr: Let the record show that he removed longitudinal bar from Plaintiff's Exhibit 4 and is now inserting a shorter bar [265] which is how long, Mr. Gaubert?

A. This bar is somewhat three inches shorter than the other one.

Mr. Flehr: I believe the gap is in the neighborhood of three inches. A. 2-7/8 inches.

Q. Between the forward end of the longitudinal bar and the transverse bar? A. Yes.

Mr. Schapp: If your Honor please, while this is heating up, I may be allowed to call your Honor's attention to one feature wherein this machine apparently differs from the machine shown in the patent. In the patented machine did you have these removable bars?

The Witness: No, sir.



(Testimony of Rene Gaubert.)

Mr. Schapp: In the patented machine could you have performed this operation that you just performed?

A. I would simply cut and slot that another way.

Q. Yes, but could you have done it by merely——

A. That was a little improvement. It has been a later improvement.

Q. This represents a later improvement over the machine that was actually shown in the patent?

A. Yes.

The Court: Both sides are in that position, I suppose. If your client had made an improvement yesterday I take it we would have it here, too.

The Witness: I believe the heater is just about warm enough.

Mr. Flehr: Q. Just describe what you are doing, Mr. Gaubert.

A. I am putting a sheet of material in the machine which will form a tube.

Q. A tube how long?

A. This is about six inches long. Then I am putting in another sheet and I am now forming both tube and bag in one cycle. The only thing is the heat is lacking; therefore it doesn't hold together. I believe that in a few [266] seconds it will be sufficient. There is a bag which is made in a tube, there, and then in a bag with a gap in the heater.

Q. When you do that, Mr. Gaubert, you are cycling the machine, the two body portions——

(Testimony of Rene Gaubert.)

A. That is correct.

Q. Even though you have cycled the two body portions you form a longitudinal seam and you form a bottom seam in one operation?

A. That is correct.

Q. Although they happen to be on different portions?

A. That is correct.

Q. Would you remove that short bar now and put your long bar back in, Mr. Gaubert? I will ask you this question: Suppose that longitudinal bar had been a full length bar such as you just took out of the machine, could you then do the same thing on the two sheet portions?

A. Yes.

Q. In that event what you would be doing is resealing the original seal each time it comes down?

A. Yes.

Q. Is that what you do in your Exhibit 6?

A. That is so.

Q. Could you show the Court that you have a continuous heater in Exhibit 6?

A. The heater, the long longitudinal seal of the heater, this bar in this case is carried all the way for a cross seal (indicating).

Q. Now, Mr. Gaubert, could you take a heater with the longitudinal bar of full length and use it upon this Schultz Defendants' Exhibit B (Defendants' Exhibit A).

A. I could.

Q. How would you do it?

A. Providing I had a very slight alteration

(Testimony of Rene Gaubert.)

made to the means of folding over by simply cutting them in two and making them in this manner.

Q. You mean, as I understand what you would do, it would be to use the type of fold line retaining bar which you have in Plaintiff's Exhibit 4 and utilizing such a fold line retaining piece [267] in place of this bar of the Schultz machine which overlies the forward end of the mandrel——

A. That's right.

Q. (Continuing) —which then would leave a free place for the heater to come down?

A. Yes.

Q. In other words, as I understand it, to make that clear, if you substituted the fold line retaining means of Plaintiff's Exhibit No. 4 for the fold line retaining means of the Schultz device, Defendants' Exhibit B (Defendants' Exhibit A), then you could likewise substitute your heater for the so-called slotted heater of the Defendants' Exhibit B (Defendants Exhibit A)?

A. That is correct.

Mr. Flehr: You can take your seat again, Mr. Gaubert.

Your Honor, I have found this witness has been able to produce two originals of the copies of the letters which we previously endeavored to introduce. At that time we simply had facsimiles. Will you, Mr. Schapp, simply stipulate we can substitute these, or introduce them in evidence, rather in lieu of the letters introduced heretofore?

Mr. Schapp: Photostats?

(Testimony of Rene Gaubert.)

Mr. Flehr: Yes. I will ask, then, that these two letters, one dated March 28, 1936, on the letterhead of Mother's Cake & Cookie Company, and the other dated September 21, 1935, on the letterhead of Grandma Cookie Company, be substituted for the corresponding facsimiles in Plaintiff's Exhibit for identification 9, and that these can be offered in evidence.

The Court: Admitted and marked.

(The letters were marked "Plaintiff's Exhibit 9" in evidence.)

Mr. Flehr: Q. Now, Mr. Gaubert, when you first testified in this case you testified concerning the letter that I am handing to you dated March 2, 1936, on the letterhead of Los Angeles [268] Pretzel Company. A. Yes, I did.

Q. I believe you testified that that was a reproduction or photostat of the original? A. Yes.

Q. Have you made a diligent search for the original of that? A. I have.

Q. Have you been able to produce it?

A. No, we haven't been able to find it. I would consider that lost for the present time.

Mr. Flehr: Your Honor, I now offer in evidence——

The Court: Admitted and marked.

Mr. Flehr: (Continuing) —facsimile copy of the letter dated March 2, 1936 on the letterhead of Los Angeles Pretzel Company. Let's give it the

(Testimony of Rene Gaubert.)

same exhibit number and attach it to the two original letters just identified.

(The letter was marked part of Plaintiff's Exhibit 9 in evidence.)

Mr. Flehr: Q. Mr. Gaubert, now I believe you testified that on your Exhibit 6, Plaintiff's Exhibit 6, you used a continuous heater? A. Yes.

Q. Then do I understand from your testimony that that means when you are making bags of a smaller size you will be re-sealing say twice certain parts of the longitudinal seam.

A. That's right?

Q. Is that a bad thing?

A. No, it is not. It is in a way a good thing. Doing the thing twice is no detriment. It makes it probably more sure, certain.

The Court: Does speed enter into it?

A. No, your Honor.

Mr. Flehr: Q. So far as you are concerned it is not a bad thing?

A. No, it is no detriment.

Mr. Flehr: That is all. [269]

#### Cross Examination

Mr. Schapp: Q. If you do the sealing as you just demonstrated to the Court in two operations on one bag, don't you really get away from the original idea of your patent as expressed in your patent? A. I do not.

Q. Wasn't this really the idea of your patent,

(Testimony of Rene Gaubert.)

you provided a machine that would form a bag in a single operation?

Mr. Flehr: He is asking for a conclusion of law. This man has never qualified as a patent expert. I don't think it is fair to ask him what comes within the scope of the patent.

Mr. Schapp: I am not doing that. I am asking him what his main idea was when he filed his application.

The Court: He can answer if he wishes.

Mr. Flehr: Is the question clear?

The Witness: No.

Mr. Schapp: Will you read the question, please?  
(Question read.)

The Witness: A. Yes.

Mr. Schapp: Your Honor, I would like to read into the record a portion of the main objects of the invention.

The Court: You did not hear that answer.

Mr. Schapp: He said yes.

The Court: In one operation.

Mr. Schapp: In one operation, yes.

The Court: He said "Yes."

Mr. Schapp: May I read a part of the patent into the record?

The Court: All right.

Mr. Schapp: I would like to read into the record a part from the patent relating to the general objects of the invention which is usually found in all patents, and which represents what [270] the



(Testimony of Rene Gaubert.)

inventor had in mind when he filed his patent application. It says on page 1, column 1, line 34 and following, among the objects he states:

“and to enable sealing over all of the required areas in a single operation, in cyclic sequence” and so forth.

That is all, Mr. Gaubert.

---

ARCHIE L. HYDE,

called by Plaintiff in Rebuttal; sworn.

Mr. Flehr: Q. What is your occupation, Mr. Hyde?      A. Chemist.

Q. With what firm are you associated?

A. Smith Emery & Company.

Q. What type of firm is that?

A. It is a chemical and engineering testing firm.

Q. Did you make a test on certain pieces of moisture-proof cellophane which I gave to you a short time ago?      A. Yes, sir.

Q. Would you tell the Court what that test was and the result of the test?

A. The test was a test to determine the rate of passage of moisture through different samples of cellophane. In order to do that I took a small dish and some water, put some water in the bottom of it, put the cellophane over it, and sealed it around the edge. That would leave the saturated atmosphere inside of this dish. Then I put the whole dish

(Testimony of Archie L. Hyde.)

into a desiccator in which the air was dry. That would leave the inside of the cellophane in a dry atmosphere. Then I weighed the little dish and kept it in that condition for a certain length of time, and weighed it again. The loss of weight is the moisture that has come out through the cellophane. I calculated the moisture into grams per hundred square inches. In twenty-four hours that is the amount of moisture that would come through that sheet. [271]

Q. Now, tell us, what were the different samples you tested and what was the object of your test?

A. The object was to determine whether a very short heating of the cellophane would change the moisture resistance, or the resistance to passage of moisture. I took some samples of the original cellophane to determine the quantity of moisture passing through. I took an electric iron and used it on a single sheet, put it on just for an instant, and tested that sheet afterward, and I determined the relative quantity of moisture that passed through those sheets.

Q. What was the result of that test in terms of relative moisture-proofness?

A. Well, the material, after the electric iron had been put on, it allowed moisture to pass through about three times as fast as the original.

The Court: Tell me, so I can follow this, I know very little about chemistry, and this is a crude way

(Testimony of Archie L. Hyde.)

of expressing it, but would you consider that a sweating process?      A. No, hardly.

Q. Well, if you had a quarter inch of steel——

A. Sweating process, as I understand it, generally allows drops to form.

Q. You could take a piece of steel, and keeping in mind the different conditions in relation to heat and air you could sweat through a piece of steel?

A. Well, yes, in that case you could.

Q. I was wondering how far that form of a process could be applied to something.

A. I think it would apply to any material.

The Court: That is what I thought, without knowing.

Mr. Flehr: Q. Now, referring to Plaintiff's Exhibit 8, did you test a sheet of material where two portions had been overlapped together and sealed similar to the seal formed in [272] this Plaintiff's Exhibit 8, to determine whether or not a seal of that sort would affect the moisture-proofness in any way?      A. I did.

Q. What were the results of those tests?

A. There was practically no difference between the material that had this seal on and the plain material.

Q. Then I understand from those tests that if the iron is not applied to the overlapped area but that iron would be applied both to the overlapped area and to a single layer of the cellophane near the overlapped area then that single layer of mate-

(Testimony of Archie L. Hyde.)

rial would have its moisture-proofness greatly impaired?      A. Yes.

The Court: Because there were two thicknesses?

The Witness: No.

Mr. Flehr: No, your Honor, because the moisture-proofness for the double thickness is not affected, but if the iron is permitted to be applied to a single layer then the moisture-proofness is affected.

The Court: Yes, but the answer to my question, one covering a double area and one a single.

The Witness: Yes.

Mr. Flehr: That is all.

Mr. Schapp: That is all with this witness. Could I ask one more question of Mr. Gaubert?

The Court: Yes.

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RENE J. GAUBERT,

Recalled in Rebuttal for Further Cross-Examination.

Mr. Schapp: Q. Mr. Gaubert, in your original machine, and I don't know whether it applies to the improved machine, but in the patented machine when you made a bag and after you had [273] finished it and sealed it didn't it leave a slight impairment?      A. Yes, it did.

Q. Will you please describe to his Honor what the impairment was with reference to this bag?

A. It was a very, very slight amount of im-

(Testimony of Rene Gaubert.)

pairment, you might call it, in the very corners, because after the material was folded over the mandrel, the thickness of the mandrel, as much as I tried to make it as thin as possible, always was substantial enough to create, you might call it, an infinitesimal small channel on the corner of the bag. I had also little difference in the center of the bag, coming through here, which is about the same extent.

The Court: On account of the seam?

A. That's right.

Mr. Schapp: Q. Is that impairment avoided in the defendants' machine?

A. To some extent it is.

Q. For what reason is it avoided?

A. Well, it is avoided in respect to the center of it and the longitudinal seal is probably sealed a little better in here.

Mr. Schapp: Your Honor please, you can see a little better—I want to bring out——

The Court: Well, I have seen both.

Mr. Schapp: In this machine a perfect seal is made longitudinally whereas due to the single operation in the Plaintiff's machine a portion of the longitudinal seam is not sealed during the operation.

The Court: Yes, but I might call to your attention that keeping in mind this bag and the purpose of the bag, it is infinitesimal.

Mr. Schapp: Well, it wouldn't be air-tight.



(Testimony of Rene Gaubert.)

The Court: Well, I am just——

Mr. Schapp: Yes. That is all, Mr. Gaubert. [274]

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Mr. Flehr: Your Honor, I would like to ask whether or not Mr. Schapp intends to put this mandrel which they produced this morning, Defendants' Exhibit F, in and operate it upon Defendants' Exhibit B (Defendants' Exhibit A). If not I will have to put that in, or have this witness answer just a few questions.

The Court: Well, you can ask him that.

Mr. Schapp: Well, is that all right?

Mr. Schultz: If we can use his roll of cellophane.

The Court: We will give you his roll of cellophane.

(The testimony was closed and a demonstration made upon the respective machines and it was thereupon ordered that the case should be briefed with the defendant filing opening and closing briefs and the time of the briefs to be 10, 10 and 10.)

[275]

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[Endorsed]: No. 9871. United States Circuit Court of Appeals for the Ninth Circuit. Simplex Wrapping Machine Co., a corporation, Appellant, vs. Charles F. Schultz, Ira E. Schultz, Schultz Food Company, a Partnership, and George Koster, doing business under the fictitious name and style of Kos-



te Candy Company, Appellees. Transcript of Record. Upon Appeal from the District Court of the United States for the Northern District of California, Southern Division.

Filed July 21, 1941.

PAUL P. O'BRIEN,  
Clerk of the United States Circuit Court of Appeals  
for the Ninth Circuit.

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In the United States Circuit Court of Appeals for  
the Ninth Circuit

No. 9871

SIMPLEX WRAPPING MACHINE CO.,  
Appellant

vs.

CHARLES F. SCHULTZ, an individual, IRA  
E. SCHULTZ, an individual, SCHULTZ  
FOOD COMPANY, a partnership, and  
GEORGE KOSTER, doing business under the  
fictitious name and style of KOSTER CANDY  
COMPANY,

Appellees.

DESIGNATION OF CONTENTS OF RECORD  
ON APPEAL AND STATEMENT OF THE  
POINTS UPON WHICH APPELLANT  
RELIES ON THE APPEAL. [276]

The Appellant hereby adopts in this Court as its  
Designation of Contents of Record on Appeal and

as its Statement of the Points upon which Appellant Relies on the Appeal, the Designation of Contents of Record on Appeal and the Statement of the Points upon which Appellant Relies on the Appeal, and Designation of Additional Contents of Record on Appeal, which were filed in the United States District Court, Southern Division, and which are a part of the record on appeal to this Honorable Court.

PAUL D. FLEHR

Attorney for Appellant

Aug. 1, 1941.

Receipt of a copy of the above admitted this 1st day of August, 1941.

A. SCHAPP

Attorney for Appellees

[Endorsed]: Filed Aug. 2, 1941. Paul P. O'Brien, Clerk. [277]

No. 9871

IN THE  
**United States Circuit Court of Appeals**  
For the Ninth Circuit

SIMPLEX WRAPPING MACHINE CO.

(a corporation),

*Appellant,*

vs.

CHARLES F. SCHULTZ, IRA E. SCHULTZ,  
SCHULTZ FOOD COMPANY (a partner-  
ship), and GEORGE KOSTER, doing  
business under the fictitious name  
and style of Koster Candy Company,

*Appellees.*

Upon Appeal from the District Court of the United States for the  
Northern District of California, Southern Division.

BRIEF FOR APPELLANT.

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*Of Counsel.*

**FILED**

FEB 2 - 1942

**PAUL P. O'BRIEN,**  
CLERK



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No. 9871

IN THE

# United States Circuit Court of Appeals

For the Ninth Circuit

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SIMPLEX WRAPPING MACHINE CO.

(a corporation),

*Appellant,*

vs.

CHARLES F. SCHULTZ, IRA E. SCHULTZ,

SCHULTZ FOOD COMPANY (a partner-

ship), and GEORGE KOSTER, doing

business under the fictitious name

and style of Koster Candy Company,

*Appellees.*

---

Upon Appeal from the District Court of the United States for the  
Northern District of California, Southern Division.

## BRIEF FOR APPELLANT.

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This is a civil action for infringement of United States Letters Patent No. 2,049,594 for Bag Making Machine and Method, issued October 5, 1937, to Rene J. Gaubert, of Oakland, California.

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## THE PARTIES TO THIS SUIT.

The Plaintiff (also the patentee) in the lower Court is Rene J. Gaubert, doing business under the name

of Simplex Wrapping Machine Company, of Oakland, California. Pending this appeal, the patent has been assigned to Simplex Wrapping Machine Co., a corporation, organized by Mr. Gaubert and largely owned by him. The corporation has been substituted as Plaintiff in place of Mr. Gaubert (Trans. p. 37).

The Defendants Charles F. Schultz and Ira J. Schultz, copartners doing business under the name of Schultz Food Company, of Oakland, California, are charged with infringement of the patent by the manufacture, use and sale of certain bag making machines. The additional Defendant George Koster, doing business under the name of Koster Candy Company, of Oakland, California, is charged with use of one of the machines made by Schultz Food Company.

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### **BASIS OF JURISDICTION.**

The present appeal is from a decision of the trial Court, namely the United States District Court, for the Northern District of California, Southern Division, signed by District Judge Michael J. Roche, and entered of record March 14, 1941 (Trans. p. 35).

The cause was tried before Judge Roche commencing November 6, 1940, and the Findings of Fact and Conclusions of Law were signed March 14, 1941 (Trans. p. 30). This appeal was noted June 10, 1941 (Trans. p. 38), and Appellant's Designation of Contents of Record on Appeal and Statement of the Points upon Which Appellant Relies on the Appeal was filed of record August 2, 1941 (Trans. p. 315).

The trial Court refused the relief requested in the Complaint, and held that the claims of the patent in suit were void, without making a ruling upon infringement.

Plaintiff-Appellant is seeking a reversal of the trial Court's decision and asks in substance to have this case remanded to the trial Court for entry of a decree in accordance with the prayers of Plaintiff's Bill of Complaint herein, with costs to Plaintiff.

---

#### **THE INVENTION OF THE PATENT IN SUIT.**

The invention described in the Gaubert patent is a machine for the purpose of manufacturing moistureproof cellophane bags, such as are used in the marketing of perishable merchandise like cakes, cookies and popcorn. Briefly, the machine performs certain folding operations upon moistureproof cellophane, together with a sealing operation, to produce a finished bag as shown by Plaintiff's Exhibit 8. An examination of this physical exhibit will simplify an understanding of the machine. Note that on one side of the bag the edges of the cellophane sheet are overlapped and sealed together along a seam extending down one side of the bag (longitudinal seam), and, in addition, one end has been folded over upon itself, and then sealed against one side wall of the bag (bottom seam).

As will be presently explained, the prior art before Gaubert had produced bags of moistureproof cellophane, but these bags were not satisfactory to the

food industry, and they were relatively expensive (Trans. pp. 65 to 68; pp. 155, 156; pp. 161 to 165). Plaintiff's Exhibit 2 is a typical example of a prior art bag. It has glued seams, the same as a common paper bag.

Construction and operation of the Gaubert machine shown in the patent in suit is fully described in the patent itself (Trans. p. 317), and is also described by Plaintiff's expert, Mr. Kercher (Trans. p. 133; also see physical Exhibit 4). Briefly, this machine comprises a frame forming a working table (Trans. p. 318, Fig. 1, No. 10), and upon this table there is a so-called mandrel or former (Trans. p. 318, Fig. 1, No. 36) which is movably mounted so that one can insert a piece of sheet cellophane between the mandrel and the table. In conjunction with the mandrel the machine makes use of folding means (Trans. p. 318, Fig. 1, Nos. 44a and 44b) for successively folding over side margins of the sheet of cellophane over the top of the mandrel, thus forming a longitudinal overlap for the longitudinal seam. The folding mechanism is arranged so that the side margins of the cellophane are folded successively to insure the desired overlap. In order to form the fold for the bottom of the bag, mechanism is provided for folding a projecting end margin of the sheet of cellophane over the end edge of the mandrel. The end edge of the mandrel is that edge which faces the front of the machine (the right-hand side of the machine as shown in Figure 1 of the patent, Trans. p. 318). The end folding means includes a bar (Trans. pp. 318-320, No. 74, Figs. 1 and 4), operated by a mechanism which raises the bar



upwardly and then over the edge of the mandrel and then downwardly upon the mandrel to complete the end fold (Trans. p. 244, Ex. 20, p. 363). As will be presently explained, an end fold to form the end of the bag would be impossible unless some arrangement is made to prevent wrinkling of the upper side of the bag, along the region of the fold (see pp. 27-28 of this brief). In the Gaubert machine this problem is solved by using a so-called "retractable fold line retaining means" which is positioned to establish a definite fold line, and which is retracted before the sealing operation (Trans. p. 91). The form of the fold line retaining means shown in the Gaubert patent is a pair of flat strips 62a and 62b (Trans. p. 320, Fig. 3), which are moved over the forward edge of the mandrel 36 during an end folding operation, and which are then automatically retracted from the end fold (as shown in Figure 14, Trans. p. 328) preparatory for the sealing operation.

In order to form a seal along the overlapping portions of the cellophane, the Gaubert machine applies heat and pressure. Moistureproof cellophane contains a surface coating which fuses upon heating, so that when heat and pressure are applied to overlapping parts of the cellophane, the two parts fuse together (Trans. p. 334, Col. 2, lines 55-60). A characteristic of the Gaubert machine is that heat sealing is carried out simultaneously along the longitudinal and bottom overlapping areas in one pressing operation (Trans. pp. 145-146). The Gaubert patent uses an electric heater (Trans. p. 318, Fig. 1, No. 92) in the form of the Letter T, and this heater is carried by a rock-

ing lever above the mandrel 36 so that after the folding operations have been completed and the fold line retaining elements 62a and 62b have been retracted, the heater is brought down upon the folds of cellophane and heated surfaces are pressed upon both the longitudinal and bottom seams. After the heater has been lifted from the mandrel 36, one can remove the finished bag.

In the machine of Gaubert's patent, the above operations take place automatically, after the operator places a sheet of cellophane below the mandrel 36, and depresses the foot lever 21.

If this Court finds it difficult to understand the Gaubert machine from the patent itself, an understanding may be simplified by examining physical exhibit 4. This machine corresponds closely to what is shown in the Gaubert patent (Trans. p. 318). The flat plate which is between the machine table and the upper T shaped heater is the mandrel or former over which the folding operations occur. To operate the machine, one slips a sheet of cellophane beneath the mandrel and upon the top of the table. Gauging bars locate the sheet in a proper position. Assuming that the electric motor is in operation, one presses down upon the foot lever and this trips a clutch so that the machine is now being driven by the motor. Thereafter the mandrel drops down against the cellophane sheet, and the side folding means turn the margins of the sheet over the top of the mandrel successively so that the edges overlap. Now a flat tube has been formed with a forward end of this tube

projecting from the forward end of the mandrel. The fold line retaining means, in the form of the two strips (62a and 62b, Trans. p. 318, Fig. 1) slide in over top of the mandrel at its forward edge, and then the end folding means engages the projecting end of the cellophane, and bends it upwardly and backwardly over the fold line retaining means. Then the fold line retaining means or strips (62a and 62b of the patent) retract out of the way, and the upper T shaped heater moves downwardly and is pressed upon the overlapping portions of the cellophane to form the longitudinal and bottom seals. After a short interval sufficient to fuse the contacting surfaces of the cellophane together, the heater swings back to its original upper position, and then the operator may remove the completed bag from the mandrel.

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#### **THE CLAIMS OF THE PATENT IN SUIT.**

Plaintiff in the lower Court relied upon claims 2, 3, 5, 8, 14, 18 and 19 of the patent in suit, and it is these claims which are found invalid by the lower Court. These claims are not simply repetitions of substantially the same mechanical combination. There are important differences which require segregation of the claims into four groups.

The first group consists of claims 2, 5, 18 and 19, and can be referred to generally as claims defining mechanical combinations including particularly the mandrel, the side and end folding means, and the T shaped heater for performing the heating operation.

Claim 3 must be separately considered because it is a machine claim defining a combination of elements including the forming mandrel, the side and end folding means, the retractable fold line retaining means, and the end folding means.

Claim 8 must be separately considered because it is a machine claim defining a combination of elements including the forming mandrel, the side folding means, and a particular type of end folding mechanism.

Claim 14 must be separately considered because instead of being a machine claim, it is a claim drawn to a series of steps forming a method of making a heat sealed bag. Particularly, the method defined by this claim includes the steps of successively folding the side margins to form a longitudinal overlap, then folding the projecting end margins, and thereafter applying pressure and heat to all of the overlapping portions to form a heat seal.

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#### ANALYSIS OF FINDINGS OF FACT AND CONCLUSIONS OF LAW OF LOWER COURT.

The holding of invalidity in the Findings of Fact and Conclusions of Law is based purely upon the showing of the prior art, particularly the following patents:

Hotchkiss	135,275
Beyer	251,402
Hunt	515,121
Hesser	1,020,821

Johnson	1,368,633
Corse	1,703,723
Becker	1,780,142

Finding 13 (Trans. p. 33), which purports to specifically apply certain prior art, refers only to the Beyer, Hunt and Becker et al. patents.

No effort is made in the Findings to segregate the claims as to subject matter, except that claims 2, 5, 8, 14, 18 and 19 are specifically referred to together in Finding 10, and in the last paragraph (Trans. p. 35) under Finding 13, separate reference is made to claim 3. Incidentally this paragraph reveals the extent to which the lower Court went in holding the patent invalid, as it makes the general statement, "There is no invention broadly in the use of a retractable fold line retaining means where desired." Therefore, even counsel for Defendants who prepared the Findings was unable to find a better basis for the Court's decision with respect to claim 3, other than to state that in spite of the absence of this important element in prior art machines, its use would not amount to invention.

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#### THE PRIOR ART PATENTS.

Beyer 251,402, granted in 1881 (Trans. p. 451), is the primary prior art patent relied upon in the Findings of the lower Court. The parties do not differ greatly as to what this patent discloses. They do differ with respect to the importance of differences



between the showing of this patent and the invention defined by the claims in suit.

Briefly, the Beyer machine is for the purpose of making paper bags. It has a table A (Trans. p. 452) and a movable mandrel B under which one places a sheet of paper. When the operator depresses the pedal D, the mandrel B drops down upon the paper, a paster J applies glue or paste to one edge of the paper sheet, and then the plates E and F slide over the mandrel B to fold over the side margins of the paper. An end paster shown in Figure 4 applies paste to the end edge of the paper, and then a sliding folding device L, which carries a roller, moves forward and folds the projecting end of the paper over the end of the mandrel B to form the bottom of the bag. When the pedal D is released, the folding devices return to their retracted positions, and the mandrel B moves back to its initial position to permit the operator to remove the bag.

Both parties agree that the Beyer machine cannot make a heat sealed bag of moistureproof cellophane. They also agree that the Beyer machine does not incorporate a part corresponding to Gaubert's T shaped electrical heater, which in the Gaubert machine is pressed down upon the folded cellophane to form the desired heat seal (Trans. p. 291).

Both parties also agree that the Beyer machine fails to show a fold line retaining means, corresponding to Gaubert's retractable fold line retaining means which serves the important and essential purpose of establishing a fold line for the end folding operation (Trans. p. 267).



A serious defect in the disclosure of Beyer was pointed out in the evidence, and was conceded by Defendants (Trans. pp. 243, 298). Plaintiff's expert pointed out that the Beyer machine could not be used to fold a sheet of material in accordance with the Gaubert folding method, because of the absence of a fold line retaining means (Trans. p. 238). Briefly, if one attempts to put a plain piece of paper, with square cut ends, in the Beyer machine, the folds cannot be made. If one should be able to fold over the side edges of the mandrel to form the top side of the bag, the material forming the top of the bag would wrinkle when one attempted to fold over the end margin. Defendants' counsel during cross-examination of Plaintiff's expert endeavored to show that if the corners of the sheet of material were cut away so as to form simply a projecting flap, then the Beyer machine would be capable of folding such a modified sheet (Trans. pp. 248, 249). The Defendant Charles F. Schultz in his testimony produced a model (Exhibit G) made of pasteboard alleged to be illustrative of the Beyer patent, and in which he endeavored to show that such a cutaway sheet could be folded with the Beyer machine (Trans. p. 269). Also this same witness expressed the opinion that the Beyer machine was intended to be used on special cut paper provided with tabs for forming the end of the bag (Trans. pp. 268-270).

Thus it is agreed by both parties that the Beyer machine will not work upon a plain sheet of paper or other material where one attempts to fold over the complete projecting end portions of the paper

to form the bottom of the bag, as is the case with the Gaubert machine, and as is also the case with the Defendants' machine. As will be presently pointed out, the Defendant Charles F. Schultz admitted on cross-examination that his machine could not be operated satisfactorily without the use of fold line retaining means (Trans. p. 298).

In recognition of the fact that the Beyer machine fails to include Gaubert's heat sealing means, particularly heat sealing means in the form of a T shaped heater, Defendants rely upon Hunt patent No. 515,121 (Trans. p. 459) in conjunction with Beyer. There is no conflict of evidence with respect to what Hunt actually shows. Briefly, he uses a block as shown in his Figure 3, and then common waxed paper is folded about this block to form a bag with an interfolded square bottom. The first folding of the sheet of waxed paper is about the sides of the block, as shown in Figure 4. Then the upper projecting margins are interfolded to the form shown in Figure 5, and thereafter a heated iron is applied to form a heat seal. End and side views of the heated iron are shown in Figures 6 and 7. Note that the top part of this iron is a chunk of metal sufficient in size to entirely cover the top of the block B. An extension D-2 from the upper block is used to cover the vertical seam. Thus with this heated iron it is theoretically possible to seal all of the overlapping portions of the bag in one operation.

In connection with the testimony of the Defendant Charles F. Schultz, a wooden model (Defendants'

Exhibit H, Trans. p. 272) was introduced in evidence as illustrative of the Hunt patent. This model may be noted if the Hunt patent cannot be readily understood from the drawings of the patent (Trans. p. 459).

No satisfactory evidence was produced at the trial to explain how the Defendants hoped to take the disclosure of Hunt, together with Beyer, and form a workable machine incorporating not only the mechanical parts of the Beyer patent, but also a T-shaped heater capable of making a heat seal upon both the longitudinal and bottom seams simultaneously. In testifying about his pasteboard model of the Beyer machine and his wooden model of the Hunt patent, Defendant Charles F. Schultz suggested that after making the folds according to the Beyer patent, one might arrange the side folding devices E and F and the end folding device L in such a manner as to leave the overlapping portions of the sheet of the material exposed, and that the end (the right-hand end face as viewed in Figure 7 of the Hunt patent) of the Hunt heater could then be pressed down upon the overlapping portions of the material to form a heat seal (Trans. pp. 290-292). It was admitted, however, that Hunt does not disclose and did not intend to use the flat T-shaped end face of his heater, and also that the heated faces actually used by Hunt, which are at right angles to each other, could not be used in conjunction with the Beyer machine (Trans. p. 292). Therefore, this is clearly a case of misconstruing the teaching of the prior art, and then proposing a new machine on the basis of the misconstruction,

for the purpose of invalidating Plaintiff's patent. It is submitted this is neither fair nor equitable.

*J. A. Mohr & Son v. Alliance Securities Co.*,  
14 Fed. (2d) 799 (CCA 9, 1926):

“\* \* \* It is to be borne in mind that the prior art here relied upon consists entirely of patents, and that when it is sought by means of prior patents to ascertain the state of the art, ‘nothing can be used except what is disclosed on the face of those patents. They cannot be reconstructed in the light of the invention in suit, and then used as a part of the prior art.’ *Naylor v. Alsop Process Co.*, 168 F. 911, 94 C.C.A. 315; *Frey v. Marvel Auto Supply Co.*, 236 F. 916, 150 C.C.A. 178.”

In addition to the foregoing, it should be noted that Hunt in conjunction with Beyer does not teach how a heater could be built into the machine of Beyer in order to carry out a heat sealing operation instead of pasting or glueing. Apparently we are to presume that a hypothetical person skilled in the art would not only be clairvoyant enough to use the Hunt heater in a way which Hunt does not teach, but in addition that he, without further teaching, would be able to incorporate such a heater in the machine of Beyer, all without creative effort.

Plaintiff has never contended that invention would be involved in using the Hunt patent with cellophane in place of waxed paper. However, aside from the fact that the Hunt bag is not folded or shaped like Gaubert's, Plaintiff has submitted uncontroverted evidence showing that if the Hunt patent were used with mois-

tureproof cellophane, the resulting bag would not protect the contents with respect to absorption of moisture from the atmosphere, which is the prime purpose of a moistureproof cellophane bag (Trans. pp. 310, 312).

To explain this point, Plaintiff's expert Mr. Kercher pointed out that before making the interfolded bottom shown in the Hunt patent, certain portions of the bottom are areas consisting of a single layer of waxed paper, and that these single layers of paper would be heated during the sealing operation, the same as the overlapping portions (Trans. p. 247). Plaintiff's chemical expert Mr. Hyde pointed out that when a single layer of moistureproof cellophane is heated by an iron to a temperature such as used for heat sealing, the moistureproof character of the cellophane is seriously damaged (Trans. pp. 310-312). According to Mr. Hyde's tests, the moistureproofness of the cellophane after being so heated is about one-third the moistureproof properties before heating. Mr. Hyde further stated that if heating is limited to overlapping sheet portions (as with Gaubert's method and machine) in forming a seam, the moistureproof properties are not impaired. The significance of this is that if one should endeavor to use the Hunt teachings to manufacture a moistureproof cellophane bag, single layers of the moistureproof cellophane would be heated the same as overlapping portions, and thus the desired moistureproofness of the resulting sack or bag would be seriously injured.

In the method of the Gaubert patent in suit, and also in all of the Plaintiff's and Defendants' machines,



heat sealing is confined to a special overlap area. This makes possible production of the desired moisture-proof bags which will properly retain products like cookies or popcorn in fresh condition.

With respect to Becker et al. 1,780,142, the Findings of the lower Court merely make reference to this patent in connection with the heat sealing of bags formed of moistureproof cellophane. Plaintiff has never contended that there is anything patentable to the idea of using moistureproof cellophane to make bags, nor has Plaintiff contended that he is the first to use heat sealing in connection with cellophane. Plaintiff does contend that he has invented a new machine and method for the purpose of making heat sealed moistureproof cellophane bags.

Plaintiff's expert concisely described the machine shown by Becker (Trans. pp. 253-255). Briefly, Becker (Trans. p. 494) first takes a long continuous strip of moistureproof cellophane, and then this strip is folded to form a longitudinal (lengthwise) seam which is glued together, thus forming a long flat tube. This tube is then rolled up to form the roll 1 shown in Figure 1 of the patent. In making bags from such a roll of tubing the tube is passed through a series of continuously operating rollers and successively the tube is cut up into short lengths by the knives 12, it is creased or crimped by rollers 15, and then the end is folded over by passing it through the plates 16 and 17. The folded end is ironed flat between rollers 18 and heat sealed by rollers 20. It is not controverted by the parties that the heat sealing fuses to-



gether all of the layers of the cellophane. Therefore, when the Becker bag is filled, there is a closed tab at the lower end of the bag where all of the layers of cellophane have been heat sealed together (Trans. pp. 254-255). No such heat fused tab is present in the bags made by the Gaubert machine, nor with Defendants' machine.

Since Defendants rely upon the Becker patent as showing the state of the art before Gaubert's invention on the manufacture of cellophane bags, the state of the art in this connection can be briefly summarized as follows:

1. The longitudinal (lengthwise) seam was glued, and only the bottom was heat sealed.

2. The bottom heat seal fused all of the layers of cellophane together (including the two side walls of the bag) to form a closed bottom tab.

3. The bags were completed in a roller type of machine in which the material passed continuously through a series of rollers for cutting the material into short lengths, creasing one end, folding over the end, ironing the fold flat, and then heat sealing to form a tab-like bottom.

Defendant has not contended that the machine shown by Becker would solve the problem which is set forth in the preamble of the Gaubert patent, namely to provide a simple machine which could be used by the food industry to make their own bag requirements.

**PRIOR ART OTHER THAN BEYER, HUNT AND BECKER.**

It is doubtful if Defendants will seriously urge prior art other than Beyer, Hunt and Becker, because they took no testimony with respect to the other prior art introduced. Briefly, the Hotchkiss patent 135,275 (Trans. p. 437) shows a complicated machine for making paper bags. Sheets of paper are wrapped about the forms J, longitudinal overlapping edges are glued, and then the ends of the bags are interfolded and glued to form a square bottom. Such a machine simply forms a conventional square bottomed sack or bag. The folding steps of Hotchkiss are shown in his Figures 10 to 17 inclusive, and the finished bag is shown in Figure 16. The machine bears no resemblance to Plaintiff's machine, and the completed bag is quite different.

Hesser 1,020,821 (Trans. p. 465) is of the same character as Hotchkiss. It shows an elaborate complicated machine intended to produce cardboard boxes provided with liners. The liner is interfolded at its bottom as shown in his Figures 24 to 28 inclusive, and all of the seams are glued or pasted together.

Johnson 1,368,633 (Trans. p. 483) shows a method of making carton linings. The manner of folding is shown in Figures 2 to 5 inclusive. A square bottom is formed for the liner, and the sides are interfolded to form two longitudinal seams. All of the seams are pasted or glued together.

Corse 1,703,723 (Trans. p. 487) shows a folding method similar to Hunt for forming flat bottomed bags. Two electrical heaters are used for forming

the heat seals. Corse first folds his waxed paper about the form 5 with an interfolded bottom (Figure 2) in the same manner as shown by the Hunt patent. Then the top heater 3 is applied to make a longitudinal seam, and thereafter the heater 6 is applied to make a heat seal upon the interfolded bottom. Here again in heat sealing the bottom areas of single thickness are heated the same as overlapped portions of the paper. As previously pointed out (page 15 of this brief), this would not make a satisfactory moistureproof bag when using moistureproof cellophane in place of waxed paper.

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**SPECIFIC ANALYSIS OF PATENT CLAIMS AND NOVELTY  
DEFINED OVER PRIOR ART.**

With the exception of the method claim 14, all of the claims in suit define combinations of mechanical elements. In many instances the elements are set forth by the word "means" followed by explanatory statements, as for example—"means for folding projecting side margins of the sheet over the side edges of the mandrel". Defining inventions in this fashion has long been accepted as proper by the Courts. *Walker on Patents*, Dellar's Edition, Vol. II, p. 790. *Davis Sewing Machine Co. v. New Departure Mfg. Co.* (CCA 6), 217 Fed. 775.

The patent claims in suit cannot be criticized under the doctrine of *General Electric Company v. Wabash Appliance Corporation et al.*, 304 U.S. 364, 82 L. Ed. 1402, 58 S. C. 899. In that instance the patent claims

were drawn to a special type of tungsten filament for electric incandescent lamps. Instead of the claims defining the essential features of novelty, they simply described the ability of the product to remedy problems in the art.

As previously pointed out, the claims in the present instance define novelty over the prior art by describing new combinations of mechanical elements, and statements of function are included to complete the description of each individual element.

It is important to consider the language of the claims, because the claims of a patent measure the invention (*Rhinehart's, Inc. v. Caterpillar Tractor Co.*, 85 Fed. (2d) 628 (CCA 9, 1936) at p. 635).

This Court appreciates that the margin of invention over the prior art may differ in different patents. At times the novelty defined by a claim over the prior art is such that a Court is warranted in holding the claim void as not amounting to invention. For example, this Court has held claims void where the margin resides primarily in the substitution of a different material (*United States Appliance Corp. v. Beauty Shop Supply Co.*, 121 Fed. (2d) 149 (CCA 9)), or where the novelty over the prior art resides simply in the substitution of well known mechanical equivalents (*Murray Mfg. Co. v. Sumner Iron Works*, 300 Fed. 911 (CCA 9)), or where the novelty is simply a matter of good engineering practice or mechanical skill such as one can expect an engineer or mechanic to exercise (*Wilson Western Sporting Goods Co. v. Barnhart*, 81 Fed. (2d) 108 (CCA 9)).

Plaintiff submits that in the present instance there is ample margin of novelty over the prior art to support all of the claims in suit. However, it is recognized that certain claims may be considered to have a greater margin over the prior art than others. For example, this Court may consider that claim 3 defines a greater margin of novelty than the other claims in suit. Claim 3 defines a new mechanical combination not found in the prior art, including an element, namely a “retractable fold line retaining means”—which is basically new in bag making machines and which is necessary for satisfactory operation of both Plaintiff’s and Defendants’ machines. Even the Defendant Charles F. Schultz admits that the use of this element is basically new in the art (Trans. p. 298), and that it is important to satisfactory operation of his machine (Trans. p. 298). This will be explained in detail in a subsequent portion of this brief.

Referring to the segregation of the claims set forth on pages 7-8 of this brief, of the first group comprising claims 2, 5, 18 and 19, claims 2 and 18 can be taken as typical. Claim 2 reads as follows:

“2. In a machine of the character described for the manufacture of paper bags from sheet material like ‘Cellophane’, a frame forming an operating table, a plate-like mandrel movably secured to said table whereby a sheet of said material can be placed between one side of the mandrel and the table, means for folding the side margins of the sheet over the side edges of the



mandrel, means for folding a projecting end margin of the sheet over one end edge of the mandrel, and means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end margin overlaps the side margins.”

The above claim is clear in language, and the Court should have no difficulty in applying it to the Gaubert disclosure (Trans. pp. 150-152). The invention defined by claim 2 differs from the disclosure of Beyer particularly in that Beyer does not incorporate the last element of “means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end margin overlaps the side margins”. This has reference to the electrical T-shaped heater (Figure 2 of patent) which overlies the working table of the machine, and which is automatically lowered at the end of the folding operation to perform the heat sealing operation.

The findings of the lower Court imply that incorporation of a heater into the machine for heat sealing the longitudinal and bottom seams in one operation, falls under the category of either substitution of mechanical equivalents, or mere mechanical skill. In the first place, we do not find such a T-shaped heater in the prior art. Secondly, Hunt's heater is not the mechanical equivalent of the crude pasting devices of Beyer which apply wet paste to the edges before folding.



Before elements can be mechanical equivalents, they must be capable of performing substantially the same function in substantially the same way (*Walker on Patents*, Dellar's Edition, Vol. III, p. 1703). Beyer's pasting devices operate by applying glue or paste to the edges of the sheet of paper before the paper is folded. Hunt's heater works by applying heat and pressure after folding, and it is operated manually. Furthermore, Defendant Charles F. Schultz has admitted that because Hunt does not have a flat heater, it would be necessary to use the heater in a way not intended by Hunt, namely to apply the flat face on the back side (Trans. p. 292). Therefore, no engineer or mechanic could be expected to incorporate Hunt's heater with Beyer's machine, because (a) such an alteration would not involve substitution of mechanical equivalents, (b) it would require a rebuilding of Beyer's machine to form a new type of device, and (c) it would require ingenious conceptions new in the art, including use of a flat surfaced T-shaped heater to simultaneously seal longitudinal and bottom seams and without spoiling the moistureproofness of the cellophane.

Claim 18 of the patent reads as follows:

"18. In a machine for forming bags from sheet 'Cellophane' or like material, a mandrel, means for folding over side and bottom margins of the sheet over the mandrel through angles of substantially 180°, thereby forming a T-shaped overlap area on one side face of the mandrel, a heater having a similar T-shaped heated surface,

and means for pressing said heated surface upon said overlap area.”

The above claim 18 is somewhat similar to claim 2, although it specifies that the folding means forms a flat T-shaped overlapped area on one side of the mandrel, and it calls for “a heater having a similar T-shaped heated surface, and means for pressing said heated surface upon said overlap area”.

In common with claim 2, here again claim 18 differentiates from the prior art in that it calls for a mechanical combination including a T-shaped heated surface and the means or mechanism for pressing the heated surface upon the overlapped area of the moistureproof cellophane. Here again there is an ample margin of novelty over the prior art to support validity.

The remainder of the claims comprising the first group, namely claims 5 and 19, contain language somewhat similar to the above claims 2 and 18.

Claim 3, which may be considered to have an unusually large margin of novelty over the prior art, reads as follows:

“3. In a machine for making paper bags from sheet material like ‘Cellophane’, a frame forming a working table, a plate-like mandrel movably mounted with respect to the table whereby a sheet of said material may be placed between said mandrel and the upper surface of the table, means for folding projecting side margins of the sheet over the side edges of the mandrel, means for folding a projecting end margin of the sheet

over one end edge of the mandrel, and retractable fold-line retaining means adapted to be interposed within the last-mentioned fold.”

All of the elements of the above claim will be clearly understood by reference to the Gaubert patented machine. The mandrel is the plate under which the sheet of cellophane is placed, and about which the cellophane is folded. The Gaubert machine also includes the means for folding over the side margins of the sheet, and means for folding a projecting end margin of the sheet over the end edge of the mandrel, to form the bottom of the bag.

The patent specification points out the purpose of the fold line retaining means as follows (Trans. p. 333, col. 2, lines 8-14):

“\* \* \* In the folding operation just described, it is evident that members 62a and 62b properly hold down the adjacent portion of the ‘Cellophane’ sheet, to avoid undesirable creases and to facilitate formation of properly folded corners and a distinct bottom fold line.”

As previously pointed out, the general combination of elements defined by claim 3 is novel and is not found in Beyer or the other prior art patents, and in addition the combination includes an element never before utilized in a bag making machine of any character. This element is the “retractable fold line retaining means adapted to be interposed within the last-mentioned fold”. In the Findings of the lower Court, no reference was made to prior art with respect to the retractable fold line retaining means de-

fined by claim 3. The only mention of this element is in the last paragraph on page 3 of the Findings which reads as follows:

“Claim 3 calls for a retractable fold-line retaining means adapted to be interposed within the end fold. There is no invention broadly in the use of a retractable fold line retaining means where desired.”

The Defendant Charles F. Schultz admitted the importance of this element and testified that as far as he knew he was unable to find in the prior art any showing of any type of fold line retaining means in a bag making machine (Trans. p. 298):

“Q. Mr. Schultz, this bar, if I take that out of the machine would the machine work?

A. No; not satisfactorily. It will after a fashion.

Q. After what fashion?

A. It will make bags.

Q. What kind of bags?

A. That might be arranged.

Q. Did you ever try to work the machine that way?

A. Yes; accidentally.

Q. How did it work?

A. It has made bags, they are not as satisfactory; they are not folded as neatly.

Q. Will you run your machine and try to make some bags that way?

The Court. Well, I think his admission is sufficient for all purposes.

Mr. Flehr. All right, your Honor.

Q. Now, do you find anything in the prior art which shows a fold line retaining means in

conjunction with a mandrel in a machine for making bags?

A. At the moment I don't recall any.

Q. You don't know of a thing, do you?

A. I don't recall anything in the prior art."

Defendants took no testimony or offered no evidence whatsoever tending to belittle or depreciate the importance of the combination defined by claim 3, including the retractable fold line retaining means. On the contrary, we have the Defendants' admission that the concept of a fold line retaining means in a bag making machine is broadly new in the art, and that it contributes to utility.

Plaintiff's expert also made clear that the fold line retaining means was important to the invention and is of great utility. Briefly, he points out that without the use of such a device it would be impossible to make the end folding operation for forming the bottom of the bag, without wrinkling the cellophane on the upper side of the mandrel. With a fold line retaining means a definite fold line is established for the top side of the bag so that an end fold can be made without wrinkling (Trans. pp. 242-243).

The Defendant Charles F. Schultz in testifying concerning the fact that Beyer fails to make use of a fold line retaining means, makes clear that in view of this omission, the Beyer patent would have no value unless used with respect to a sheet of paper having cutaway corners and with simply a projecting tab to form the bottom of the bag (Trans. p. 268). In this connection note, however, that the Beyer



patent is indefinite in its disclosure, because it does not point out that the machine is useless unless used with a piece of paper having cutaway corners and a tab to fold over in order to form the bottom of the bag.

In view of the above, Defendants cannot contend in good faith that claim 3 is void. There is no question of substitution of equivalents, because the prior art did not disclose any kind of fold line retaining means in a bag machine. In view of the testimony of record and Defendants' admissions, it is clear that no mechanic or engineer could be expected to conceive of this new combination and to reduce the same to practice, without exercising a high order of invention.

Claim 8, which has been referred to as defining a specific type of end folding means, reads as follows:

"8. In a machine of the character described for making paper bags from sheet material like 'Cellophane', a frame forming a working table, a plate-like mandrel overlying the upper surface of the table, means serving to pivotally connect the rear edge of said mandrel with said frame, whereby the mandrel may be swung in a vertical plane with respect to the table and whereby a sheet of said material may be placed between the mandrel and the upper surface of the table, means for folding projecting side margins of the sheet of material over the side edges of the mandrel, means for folding a projecting end margin of the sheet over the forward end edge of the mandrel and for gripping the folded end margin of the sheet with respect to the forward edge of



the mandrel, said last means including a gripping bar, and means for actuating said gripping bar to translate it into an elevated position overlying the forward edge of the mandrel, followed by lowering of the bar into engagement with the mandrel."

The above claim particularly defines the mechanism used in the Gaubert machine for making the end fold which forms the bottom of the bag. The "gripping bar" referred to above is numbered 74 in Figure 9 and is shown in detail in Figure 4 (Trans. pp. 320, 322). It is described in detail on page 3 of the patent specification (Trans. p. 333) first column, lines 37 to 75 inclusive, and continuing in the second column through line 14.

To briefly describe operation of this folding or gripping bar without reference to the linkage connecting it to the operating means, in making an end folding operation, the bar moves upwardly and over the forward edge of the mandrel, after which it moves downwardly to the mandrel in order to complete the fold. This is distinctly different from the Beyer patent where the end folding means is simply a sliding plate which is reciprocated in a straight line over the end of the mandrel.

With Beyer's machine (Trans. p. 454, Figures 3 and 4) the end of the paper must overlies the end folding means L at the time the mandrel B is first lowered upon the table A. Therefore, assuming that the paper has a tab or flap to form the bottom of the bag, this tab must be above the plane of the man-

drel, to have it rest upon the folding device L. Beyer then proposes to fold over the flap from such an initial position to a position over the mandrel B. If one attempted to use a piece of paper without cutaway corners in the machine of Beyer, then it is clear that the entire end of the paper would rest upon the folding device L in the same fashion, and therefore the paper as a whole would not lay flat. Obviously this would prevent proper folding over of the sides of the paper because such a fold can be made only when the complete sheet of material is flat.

In Gaubert's machine as shown in his Figure 4 (Trans. p. 320), the bar 74 is normally below the plane of the working table 10, and thus the cellophane sheet 286 lays flat beneath the mandrel 36 before and during side folding. Thereafter as previously described, bar 74 moves upwardly and over the forward edge of the mandrel, and then downwardly to complete the end fold.

The Defendants have not questioned the utility of Gaubert's end folding means, which is defined with particularity in claim 8. They have acknowledged its utility by adopting a similar mechanism in their machine.

The record fails to explain or support the lower Court's holding of invalidity with respect to claim 8. Defendants are unable to point to prior art showing the type of end folding means defined by the claim. It is futile to speculate on possible changes to Beyer to anticipate this subject matter. The two end folding devices are totally different and the differences

are not simply a matter of choice, but involve a vital difference in mode of operation and results accomplished.

Claim 14, covering a combination of steps comprising a method, reads as follows:

“14. In a method for making bags from sheet material like ‘Cellophane’, characterized by the use of a plate-like mandrel having a contour corresponding generally to the contour of the finished bag, arranging the sheet of material adjacent one side of the mandrel, successively folding the projecting side margins of the sheet through angles of substantially  $180^{\circ}$  and over the side edges of the mandrel, folding a projecting end margin of the sheet through an angle of substantially  $180^{\circ}$  and over the adjacent end edge of the mandrel, whereby both the folded side and end margins are in substantially a common plane, and then applying pressure and heat to the overlapping portions of the folded side margins of the sheet and also to that portion of the end margin overlying the folded side margins.”

The language of the above claim distinguishes over the method of Beyer, particularly by specifying, “applying pressure and heat to the overlapping portions of the folded side margins of the sheet and also to that portion of the end margin overlying the folded side margin”. Therefore, it is submitted that this claim has ample novelty over the prior art to support validity, for the same reason brought out above in connection with claims 2, 5, 18 and 19.

At the time of trial, Defendants did not question or controvert utility of this method. However, according to the Findings, the lower Court held this claim to be unpatentable over the practice of making glued paper bags as practiced by Beyer plus the knowledge that moistureproof cellophane could be heat sealed in the making of bags, as shown by Becker, plus the knowledge that a heated iron could be used to heat seal an interfolded liner made of waxed paper, as shown by Hunt.

Plaintiff submits that the prior art disclosures are so isolated and disconnected from each other that they would not teach or suggest the practice as defined by claim 14. For example, if such prior art disclosures were made known to a hypothetical person skilled in the art, he would not attempt to produce a bag differing in construction from the bags shown in Beyer, Hunt or Becker. Actually, however, the method of claim 14 produces a new type of bag, as has been previously pointed out. It is not the bag of Beyer, even though Beyer should attempt heat sealing, because as previously pointed out and even as admitted by Defendants, if the Beyer machine is workable at all it must be used on a sheet of material having cutaway corners with only a tab for forming the bottom of the bag (Trans. p. 269). At the time of the trial the Defendants did not contend that the Defendants' bag was old in the art. They were merely satisfied to point out the absence of claims in the Gaubert patent to the bag itself.

THE MARGIN OF NOVELTY DEFINED BY THE CLAIMS  
IS AMPLE TO SUPPORT VALIDITY.

Plaintiff fully appreciates that mere novelty by itself may not necessarily support validity of patent claims. The novelty must rise to the dignity of invention. *Cuno Engineering Corporation v. The Automatic Devices Corporation*, decided Nov. 10, 1941, 86 L. Ed. 21.

In the case of machines, the most common type of invention which has been clearly recognized as patentable by the Courts is the creating of a new combination of elements or mechanical parts, which form a new working organization to make possible new or improved results. All of the mechanical parts or elements of an invention may be old by themselves, and the individual elements may have been used before in machines for the same purpose. Therefore, the novelty in such cases resides in the new working combination of mechanical parts.

As in the *Cuno* case (*supra*), it is not uncommon for Courts to rule that differences between the invention defined by the patent claims and the prior art, are such that they might be expected of an average skilled mechanic having knowledge of prior art devices, particularly where the patented device has not solved a real problem or fulfilled a need. The realm of patent protection should properly apply to advances in the art requiring some inventive genius. The inventive genius need not be that of an Edison, but should be more than that which can be expected of an ordinary mechanic. This does not mean that



ordinary mechanics cannot create inventions worthy of protection by the patent law. On the contrary, many inventions of recognized value have been made by mechanics. However, as contemplated by the law, an ordinary skilled mechanic can be expected to make minor changes or refinements to machines to increase their effectiveness, and such changes or refinements are not subject to protection.

In the present instance Gaubert did not simply utilize what was known in the prior art, in the way an ordinary mechanic might be expected to do in the usual course of his trade. The average mechanic does not go out of his way to radically change what has previously been done. It is human nature to continue to do what others have done, and to make only such changes or refinements as may be self evident. For example, if a given machine appeared to have an inferior jaw type clutch, the average mechanic might be expected to pick out a superior friction type clutch and employ it to refine and better the machine. If an ordinary mechanic were requested to take the Beyer machine and improve it by his knowledge of other structures, he might for example use better mechanical parts to operate the folding plates than the ropes or cords of Beyer, or he might make use of a clutch and a motor for driving the folding mechanism, or he might select a more efficient glueing or pasting attachment from devices available. He could not be expected, and in fact it would be beyond his skill, to undertake the building of a completely new machine, using heat sealing means in



place of pasting devices, and utilizing cellophane with square cut ends in place of paper with tabs to form the bottoms of the bags. Any such development would be distinctly in the realm of experimental research, and not even a highly trained engineer would be willing to accurately predict the successful outcome of the development. It is development work of this character which when reduced to successful practice, constitutes properly patentable invention. It is not against public policy to properly enforce patents covering such inventions, because the patents reward creative effort and research development such as is required for industrial progress, and because after the seventeen year term of the patent, the subject matter is made free to the public for anyone to use.

A great many authorities might be cited in support of the above. A few such authorities, selected at random, are as follows:

*Kendall v. Winsor*, 21 Howard 322 at pp. 327-8:

“It is undeniably true, that the limited and temporary monopoly granted to inventors was never designed for their exclusive profit or advantage; the benefit to the public or community at large was another and doubtless the primary object in granting and securing that monopoly. This was at once the equivalent given by the public for benefits bestowed by the genius and meditations and skill of individuals, and the incentive to further efforts for the same important objects. The true policy and ends of the patent laws enacted under this Government are disclosed

in that article of the Constitution, the source of all these laws, viz.: 'to promote the progress of science and the useful arts', contemplating and necessarily implying their extension, and increasing adaptation to the uses of society.'

*Seymour v. Osborne*, 11 Wallace 516 at p. 533:

"Letters patent are not to be regarded as monopolies, created by the executive authority at the expense and to the prejudice of all the community except the persons therein named as patentees, but as public franchises granted to the inventors of new and useful improvements for the purpose of securing to them, as such inventors, for the limited term therein mentioned, the exclusive right and liberty to make and use and vend to others to be used their own inventions, as tending to promote the progress of science and the useful arts, and as matter of compensation to the inventors for their labor, toil, and expense in making the inventions, and reducing the same to practice for the public benefit, as contemplated by the Constitution and sanctioned by the laws of Congress."

*United States v. Dubilier Condenses Corp.*, 289 U.S. 178 at p. 186.

"Though often so characterized a patent is not, accurately speaking, a monopoly, for it is not created by the executive authority at the expense and to the prejudice of all the community except the grantee of the patent. *Seymour v. Osborne*, 11 Wall. 516, 533, 20 L. ed. 33, 35. The term monopoly connotes the giving of an exclusive privilege for buying, selling, working or using a thing which the public freely enjoyed prior to the

grant. Thus a monopoly takes something from the people. An inventor deprives the public of nothing which it enjoyed before his discovery, but gives something of value to the community by adding to the sum of human knowledge.”

Under this section no attempt will be made to repeat the advances made over the prior art as defined by the claims of the patent, and which are set forth in detail in the previous section of this brief entitled “Specific Analysis of Patent Claims and the Novelty over Prior Art”. The main point to note is that the differences over the prior art as defined by the claims clearly indicate a new type of machine and method of forming bags, which required genius and creative effort to produce, and which certainly is entitled to the protection of the patent laws.

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#### **OTHER FACTS PERTINENT TO VALIDITY (IN GENERAL).**

Courts frequently inquire about matters other than novelty over the prior art, in connection with the validity of patent claims, and in determining the general quality of invention. Briefly, the most important of such matters are as follows:

##### **1. The History of the Invention.**

Frequently a knowledge of the way in which the invention was brought about will enhance one's appreciation of the accomplishment.

## **2. Commercial Success.**

Successful manufacture and sale is indicative of invention, particularly if the commercial success is attained upon the merits of the device instead of by high powered advertising.

## **3. The Solving of a General Problem.**

Where a real industrial need has been fulfilled or a problem has been solved, one is entitled to presume that the inventor actually did do something beyond the skill of an average mechanic.

## **4. The History of the Patent Claims in the Patent Office Before Issuance of the Patent.**

In this connection, it is pertinent to inquire whether the prior art being used to anticipate at the time of adjudication, was considered by the Patent Office officials at the time of allowance of the patent claims.

The present case is unusual in that Plaintiff can show ample facts under each of the above four groups, which serve to support and reinforce validity.

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### **HISTORY OF DEVELOPMENT BY GAUBERT, COMMERCIAL SUCCESS, SUPPLYING OF NEED.**

In 1934 the food industry was faced with a serious packaging problem, particularly in connection with the sale of products like cookies (Trans. 65-68, 155, 162). At that time Mr. Gaubert contacted manufacturers of cakes and cookies in connection with sale of a machine for wrapping pies and cakes in moisture-proof Cellophane (Trans. p. 65). The industry ap-

preciated the advantages of moisture-proof cellophane in the marketing of cookies to prevent deterioration in wet climates but they were unable to secure suitable cellophane at a reasonable price from large bag manufacturers (Trans. pp. 156, 162). At that time large bag manufacturers were endeavoring to sell the trade so-called half or window cellophane bags, but these bags were unsatisfactory because they did not afford the desired moisture-proof protection. Bag manufacturers were also endeavoring to sell bags made entirely of moisture-proof cellophane which were made of sheet material glued together, but the expense of these bags was prohibitive (Trans. p. 156).

Gaubert learned of this problem in 1934 and set about to develop a machine which could be used by manufacturers of cookies and similar products in their own establishments to make their own cellophane bag requirements (Trans. pp. 68-69). Within a few months after tackling the problem, Gaubert conceived and built a hand-operated machine (Plaintiff's Exhibit III) which enabled him to manufacture a satisfactory heat-sealed, all cellophane bag (Trans. p. 68). Bags made upon this machine were submitted to customers like Hostess Cake Kitchen of San Francisco, California, and Mother's Cake and Cookie Company of Oakland, California (Trans. pp. 69, 163). Thereafter, Gaubert proceeded to develop a machine for commercial manufacture. The witnesses, Mr. Goldie and Mr. Meder of the Hostess Cake Kitchen and Mother's Cake and Cookie Company respectively (Trans. pp. 153, 159) clearly proved the need of the industry at that time. Briefly the industry was in need of a simple



machine which could be used in their own establishments, for making their own cellophane bag requirements. Mr. Meder's favorable reaction to the invention when he was shown Gaubert's working model, is indicative of the need of the industry for such a machine (Trans. p. 163).

“Q. Did you see anything on the floor, here, like that machine?

A. This machine, here, is the one he showed me.

Q. The machine is Plaintiff's Exhibit 3.

A. Of course, I encouraged him, because that was just the thing that I had been looking for.”

Gaubert delivered his first commercial machine to Hostess Cake Kitchen of San Francisco in June of 1935 (Trans. p. 70). Gaubert and Mr. Goldie of Hostess Company testified as to the successful operation of the first machine and this testimony reveals how well Mr. Gaubert had solved the problem. The same day the machine was delivered, Mr. Gaubert taught a totally inexperienced girl how to operate the machine, and the girl continued such operations for several years (Trans. p. 75).

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Gaubert, under the name of Simplex Wrapping Machine Company, has continued since 1935 to manufacture and sell machines incorporating his invention and he has built up a modest but substantial business since that time (Trans. pp. 103, 104). For a number of years he manufactured his machine in accordance with Plaintiff's Exhibit 4 (Trans. pp. 103, 104). More



recently he has manufactured and sold a full automatic machine (Plaintiff's Exhibit 6, Trans. p. 104).

His machines have been used in various parts of the United States and up to the time of trial he had sold 127 machines of the type of Plaintiff's Exhibit 4 and 69 machines like Plaintiff's Exhibit 6 (Trans. pp. 79, 103).

Aside from commercial success as established by the number of machines manufactured and sold by Gaubert, the witness Goldie of Hostess Cake Kitchen and Mr. Meder of Mother's Cake and Cookie Company convincingly testified concerning the enthusiastic reception and successful use of the machine in the food industry, and with respect to the savings which the machine has effected in its use (Trans. pp. 156-9, 164). Meder testified that use of bags made by the machine, for the marketing of its cookies, greatly increased sale of such products (Trans. p. 164). Here we have an instance in which Plaintiff's invention brought increased commercial activity to another industry, as is frequently the case with successful inventions.

Many authorities make reference to the supplying of a real need in an industry, the solving of a real problem, and commercial success, as supporting and reinforcing the validity of patent claims.

*Julius Levine & Co. v. Automatic Paper Machinery Co.*, 63 Fed. (2d) 547 (CCA 3);

*Hartford Empire Co. v. Hazel Atlas Glass Company*, 59 Fed. (2d) 399 (CCA 3) 1932;

*Benjamin Electric Manufacturing Co. v. Northwest Electric Equipment Co.*, 251 Fed. 288 (CCA 2) 1918;

*Black & Decker Mfg. Co. et al. v. Baltimore Truck Tire Service Corporation*, 40 Fed. (2d) 910 (CCA 4) 1930;

*Flintkote Co. v. National Asbestos Mfg. Company*, 52 Fed. (2d) 719 (CCA 3) 1931.

**VALIDITY IS SUPPORTED BY THE PROCEEDINGS IN THE PATENT OFFICE BEFORE ISSUANCE OF THE GAUBERT PATENT.**

While the presumption of validity by virtue of issuance of a patent is not considered to be a strong one, a stronger presumption is raised where the Patent Office gave due consideration to the same prior art later urged against the claims, at the time the claims were granted.

The complete Patent Office file of the Gaubert patent (Trans. pp. 365 to 436) includes not only the specification as originally filed, but also all of the official actions by the Patent Office Examiner, and the responses made by Gaubert's attorney in order to secure final allowance. In the first Office Action by the Examiner (Trans. p. 407), Hotchkiss 135,275, Hunt 515,121, Johnson 1,368,633 and Corse 1,703,723 were cited by the Examiner. All of these patents are now being urged by the defendant. In this first Action the Examiner did not attempt to reject or allow claims, but merely brought up a question of division.

In the next Office Action (Trans. p. 410) the Examiner cited the further prior art patents to Beyer 251,402 and Hesser 1,020,821. This is the same Beyer

patent which is now the primary prior art citation relied upon by the defendant. While the Examiner in this action held some claims to be too broad in view of Beyer, a large number of claims were allowed, including claims 2, 3, 5 and 8 now in suit. After amendment and argument by Gaubert's attorney, the application was allowed in entirety.

Authorities supporting a strong presumption of validity when the Patent Office record is as outlined above, are as follows:

- J. A. Mohr & Sons v. Alliance Securities Co.*,  
14 F. (2d) 799 (CCA 9) (1926);  
*Nordberg Mfg. Co. v. Woolery Machine Co.*,  
79 F. (2d) 685 (CCA 7) (1935).
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#### INFRINGEMENT—IN GENERAL.

The findings and conclusions of law make no statement concerning infringement. However, the record shows ample evidence to support a finding of infringement.

In reviewing plaintiff's case on infringement, the construction of defendant's bag making machine will be explained and it will be pointed out that defendant's machine appropriates the subject matter defined by the patented claims in suit.

**CONSTRUCTION AND OPERATION OF DEFENDANTS'  
MACHINE.**

The defendants' machine forms a moisture-proof, heat-sealed cellophane bag which is practically identical to the bag made by Plaintiff's Exhibit 4. (Compare plaintiff's Exhibit 8 made on Plaintiff's Exhibit 4 and Plaintiff's Exhibit 15 produced on Defendant's Exhibit A). Note that the bottom of each bag is formed by a complete fold-over of the material, as distinguished from the folding over of a flap or tab such as referred to by Defendants in explaining prior art practices in the manufacture of ordinary paper bags (Plaintiff's Exhibit 21 Trans. pp. 249, 269). Also note that the heat seal is over a flat "T" shaped area which is confined to the overlapping portion and which is all on one side of the bag. As previously pointed out, these cellophane bags are of a construction which is not found in the prior art. Referring to the drawing of the defendant's machine printed in Exhibit 11 (Trans. p. 348) the machine includes generally a frame A which has supporting legs and which has a top surface A1 which can be termed a working table. The flat flexible mandrel B overlies this table, and this mandrel has a rear extension B1 which is secured to the bracket B2. On defendant's physical Exhibit A one can verify that this mandrel is movable because it can be readily picked up by hand. Such movement permits the cellophane to move beneath the mandrel (Trans. p. 205). From the drawing, plaintiff's Exhibit 11, it is difficult to understand the means used for folding over the sides of the cellophane. This can be better understood by Defendant's Exhibit A, par-

ticularly if a sheet of cellophane is in place on the machine.

Instead of defendant's machine being made to receive separate cut sheets of Cellophane, as with the machine of plaintiff's patent, it is made to take a continuous strip of moisture-proof Cellophane which is supplied from a roll. The roll of Cellophane is on plaintiff's Exhibit A but is not shown on plaintiff's Exhibit 11. Certain parts on plaintiff's Exhibit 11 do not appear because of the qualified wording of an Order of the trial court permitting making of a drawing from defendant's machine (Trans. pp. 25-26). The order excluded the right to make copies of certain parts, on the theory that these parts were not directly involved in the suit.

The strip of Cellophane as it leaves the roll at the back of the machine passes downwardly beneath the rear end B3 of the mandrel extension B1 and then forwardly under the mandrel. In connection with this bending, or change in direction of the sheet from a downward to a horizontal direction, the side margins of the sheet are caused to bend over and to lay down upon top of the mandrel, thus forming the longitudinal overlap.

A finger C-3 insures folding of one side margin over the other. Rollers C-1, C-2 engage the margins to complete the side fold and to tighten the sheet over the mandrel. Bar C-4 simply holds down the side margins after they have been folded. With the means just described, the strip of moisture-proof cellophane is



completely folded as it reaches the main part B of the mandrel beneath the T-shaped heater E.

The means for making an end fold in the Defendants' machine is the bar D. This bar is pivotally mounted upon lever D-3 which in turn is rocked periodically by the cam D-4. Plaintiff's Exhibit 20 (Trans. p. 363) illustrates the action of bar D, and the manner in which it folds over the end of the sheet of material. As shown by the dash-dot line which traces movement of the bar, it moves upwardly and then over the forward edge of the mandrel, and then downwardly to complete the fold.

As shown in detail in Plaintiff's Exhibit 22 (Trans. p. 364), the heater of Defendants' machine is T-shaped. Referring back to Plaintiff's Exhibit 11 (Trans. p. 348) this heater is carried by the mounting E-1, which is pivotally attached at the rear end of the machine and which is counterbalanced by a spring. The heater is moved up and down by the pull rods E-2 which in turn are operated by the eccentrics E-3.

Defendants' machine also incorporates the important retractable fold line retaining means. In the Defendants' machine this is a flat bar F which overlies the forward part of the mandrel and which is operated by the pins F-1. These pins are attached to a shaft, which is rocked by arm F-2. The free end of this arm has a roller which engages a rotating cam F-3.

During an end folding operation with defendants' machine, bar F is in the position shown in Plaintiff's Exhibit 20 (Trans. p. 363) but before the heater comes



down to make a seal, the bar is retracted toward the rear of the machine and out of the end fold.

By inspection of the drawing, Plaintiff's Exhibit 11 alone, it is difficult to follow through a complete operation of the machine, because of the omission of certain parts. It is easier to understand this operation by reference to Defendants' physical Exhibit A. The machine includes a mechanism at the front which oscillates toward and away from the forward end of the mandrel and which constitutes a gripping means to grip the end of a completed bag, and to pull it forwardly.

Defendants' Exhibit A also incorporates cutting knives near the front of the machine, and these cutting knives are operated so that after the gripping device has gripped the end of a completed bag, and pulled it forwardly, the cutting knives operate to cut off the bag from the remaining part of the cellophane.

To briefly review operation of Defendants' machine, by reference to Defendants' Exhibit A, one should assume that the end of a completed bag has been seized by the forward gripping device and has been pulled forwardly and cut off by the cutting knives. During this advancing of the strip of cellophane below the mandrel, the side fold is carried out so that as the cellophane is positioned below the heater, a longitudinal overlap is formed. At the time the material is cut, the retractable fold line retaining bar F is positioned as shown in Plaintiff's Exhibit 20, that is, over the forward edge of the mandrel, and the end folding bar D then moves in the manner shown in

Plaintiff's Exhibit 20 to fold over the projecting end of the cellophane. At the end of this folding operation the fold line retaining bar F is retracted toward the rear of the machine, and then the heater is pressed downwardly upon the mandrel to simultaneously seal both the longitudinal overlapping portions and the bottom portions.

There are obvious differences between the machine of the Gaubert patent and the Defendants' machine but the record clearly shows that such differences do not avoid infringement. Plaintiff's expert Mr. Kercher pointed out that the subject matter defined by the claims in suit was to be found in Defendants' machine, and that the claims were not limited to features not incorporated in Defendants' machine. Mr. Kercher's analysis of the patent claims in suit is set forth in Plaintiff's Exhibit 14 (Trans. p. 349). This analysis refers to the letters and numbers on the drawing Plaintiff's Exhibit 11 (Trans. p. 348).

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#### **EQUIVALENCY AS TO ELEMENTS.**

Plaintiff's expert, Mr. Kercher, made out a clear case as to equivalency of elements. The Defendant Charles F. Schultz, testifying as his own expert, made no effort to specifically rebut Mr. Kercher, except to point out certain apparent differences between the machines. For example, Mr. Kercher pointed out equivalency with respect to the working table, the mandrel, the side folding means, the end folding means, the heat sealing means, and the retractable

fold line retaining means (Trans. pp. 150, 151, 152, 175 to 184). It was clearly demonstrated to the Court by slow motion moving pictures that the mandrel of the Defendants' machine moves vertically during operation, to enable the sheet of cellophane to advance beneath the mandrel (Trans. pp. 187-190). Incidentally this matter of use of a movable mandrel demonstrates the lack of reliability of testimony by the Defendant Charles F. Schultz. At the beginning of the trial he made the positive statement that the mandrel on his machine did not move (Trans. pp. 122, 123). As previously pointed out, it was subsequently demonstrated to the satisfaction of the Court that the mandrel did move.

With respect to use of a T-shaped heater, Defendants at the time of trial endeavored to show lack of equivalency, on the grounds that their heater was not a complete T. This can be explained by reference to Defendants' physical Exhibit A. Note that the bars forming the lower heated surface of the heater are spaced apart to form a gap, while with the Gaubert machine, Plaintiff's Exhibit 4, there is no such gap.

Plaintiff's expert Mr. Kercher clearly pointed out that this gap in the Defendants' heater was of no consequence in avoiding infringement, and was present because in the Defendants' machine the retractable fold line retaining means is in the form of a single bar F, and the gap serves to accommodate this bar during the heat sealing operation (Trans. p. 147). He also pointed out that the apparent gap left in the seal because of the spacing of the heated bars made no actual

difference, because this portion of the bag was actually sealed in a preceding sealing operation. Note in this connection that the machine shown in the Gaubert patent permits elimination of such a gap, because the fold line retaining means is in the form of two bars or strips which are completely retracted from the upper side of the mandrel.

Defendants have endeavored to show general lack of equivalency by pointing to the efficiency and capacity of their machine in comparison with Plaintiff's Gaubert machine Exhibit 4. Plaintiff readily admits that Defendants' machine Exhibit A is capable of producing far more bags per hour than the machine shown in the patent in suit, and that it will produce these bags without continual manual labor. However, additions or improved features placed upon a patented machine do not avoid infringement.

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**FULL AUTOMATIC FEATURE OF DEFENDANTS' MACHINE  
DOES NOT AVOID INFRINGEMENT.**

One apparent difference between the machine shown in the Gaubert patent and Defendants' machine is that Defendants' machine is fully automatic after being set into operation, while with the machine shown in the Gaubert patent, the sheet of cellophane is first cut into pieces which are then introduced manually into the machine. As previously pointed out, with the Gaubert machine after a piece of material has been placed in the machine below the mandrel, the clutch pedal is depressed, and the machine proceeds to operate auto-

matically until the bag is completed. Then the operator removes the completed bag manually. The element of labor is removed from the Defendants' machine, except in setting up the machine for operation.

Changing a patented machine so as to make a part or all of the functions automatic does not avoid infringement.

*Lakewood Engineering Co. v. Walker*, 23 Fed. (2d) 623 (C.C.A. 6, 1928).

*Columbia Wire Co. v. Kokomo Steel & Wire Co.*, 143 Fed. 116, 123 (C.C.A. 7, 1905):

"The remaining contention, that the appellee's device escapes infringement through its additional means and function in the automatic regulation of tension, does not impress us tenable, under our conclusion that the three-wheel combination of the patent is appropriated, with all its results, as an entirety."

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### CONCLUSION.

In view of the foregoing, it is submitted that the trial Court was in error in holding for the Defendants, in dismissing the Bill of Complaint, and in holding the claims in suit to be void. The record fails to show facts warranting invalidity of the claims. On the contrary, the evidence of record shows that the subject matter defined by the claims has ample novelty and utility to support validity of the patent grant.

It is further submitted that Plaintiff has fully supported the burden of proof on infringement, and



that the claims in suit are infringed by the Defendants' machine.

Plaintiff submits that the decision of the lower Court should be reversed, and that the lower Court should be directed to hold the patent claims in suit are valid and infringed.

Dated, San Francisco,  
February 2, 1942.

Respectfully submitted,

PAUL D. FLEHR,

*Attorney for Appellant.*

JOHN F. SWAIN,  
*Of Counsel.*



7  
No. 9871

IN THE  
**United States Circuit Court of Appeals**  
For the Ninth Circuit

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SIMPLEX WRAPPING MACHINE Co.  
(a corporation),

vs.

*Appellant,*

CHARLES F. SCHULTZ, IRA E. SCHULTZ,  
SCHULTZ FOOD COMPANY (a partner-  
ship), and GEORGE KOSTER, doing  
business under the fictitious name  
and style of Koster Candy Company,  
*Appellees.*

**BRIEF FOR APPELLEES.**

---

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*Attorney for Appellees.*

**FILED**

MAR - 4 1942

**PAUL P. O'BRIEN,**

**CLERK**



## Subject Index

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No. 9871

IN THE  
**United States Circuit Court of Appeals**  
For the Ninth Circuit

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SIMPLEX WRAPPING MACHINE Co.

(a corporation),

*Appellant,*

VS.

CHARLES F. SCHULTZ, IRA E. SCHULTZ,  
SCHULTZ FOOD COMPANY (a partner-  
ship), and GEORGE KOSTER, doing  
business under the fictitious name  
and style of Koster Candy Company,  
*Appellees.*

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**BRIEF FOR APPELLEES.**

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**A. THE PATENT IN ISSUE.**

The Plaintiff's patent relates to a machine for making bags from moisture-proof Cellophane, and it is particularly intended to be used by department stores, mail order houses, bakeries, food-packing companies and the like, to allow the latter to form simple types of bags directly from Cellophane stock. Moisture-proof Cellophane has the property, as distinguished from paper and from ordinary Cellophane that overlapping edges may be sealed by the mere application

of heat under pressure, in the absence of glue or other adhesive. The Plaintiff does not claim to be the inventor of moisture-proof Cellophane, nor the discoverer of the above-mentioned specific property.

The machine is illustrated in seventeen figures of drawings and is intended to be used in connection with pre-cut sheets of Cellophane, each sheet furnishing material for a single bag. The machine is semi-automatic in operation, in the sense that the manufacture of each bag requires manual feeding of an individual sheet and manual removal of each finished bag, while the machine itself, upon manual actuation, automatically performs the folding and sealing operations.

The machine comprises in its principal features the following elements (see Gaubert patent, Tr. pages 318 and fig.):

1. A suitable base on which the sheet of Cellophane is initially positioned by the operator. This base includes a flat table top 10 (Figures 3 and 6), lateral cover plates 24 arranged at opposite sides of the table top and at a slightly higher elevation, and positioning means for the sheet of Cellophane comprising lateral guides 30 and gauge pins 35 at the forward edges of the cover plates 24.

2. A mandrel comprising a flat plate 36 of substantially the same width as the table top and hinged in the rear of the machine, as at 37 (Figure 9). This mandrel is lifted to allow the sheet of Cellophane to be inserted underneath the same and is then made to



descend to clamp the central portion of the Cellophane upon the top 10 of the table.

3. The side folding members 44a and 44b. These members are suitably operated to fold the side margins of the Cellophane over the machine after the latter has descended.

4. A pair of fold-line retaining members 62a and 62b (Figure 3). These members are mounted underneath the cover plates 24 adjacent the front edge of the table top and are suitably operated to slide over the front edge of the mandrel to serve as an edge over which the front portion of the Cellophane may be folded.

5. The end folding bar 74, which, through mechanism shown in Figure 4, is made to swing around the front edge of the mandrel to a position above the same and is then made to lower upon the front edge of the mandrel for folding the front edge of the Cellophane over the mandrel. The Cellophane now is folded over the mandrel to form a longitudinal seam and an end seam on top of the mandrel, the two seams being arranged in the form of a T, and being now ready for the sealing operation.

6. The heater 93, which has a T-shaped heating surface adapted to be brought down upon the T-shaped seam for sealing the same in one operation.

Plaintiff's Exhibits 4 and 6 do not represent the patented machine. Plaintiff's Exhibit 4 includes a roll-mounting for the paper which delivers the individual sheets to the operator in more convenient form.

Plaintiff's Exhibit 6 bears no resemblance to the patented machine. It is fashioned altogether after the Schultz machine and, being later than the Schultz machine, will be subject to the charge of infringement of whatever patent the defendants may secure on their own machine.

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### B. THE PRIOR ART.

The principal prior art structures relied on by the defendant-appellee are the following (Tr. page 9):

Patent No.	Patentee	Date
135,275	Hotchkiss	Jan. 28, 1873
251,402	Beyer	Dec. 27, 1881
515,121	Hunt	Feb. 20, 1894
1,020,821	Hesser	Mar. 19, 1912
1,368,633	Johnson	Feb. 15, 1921
1,703,723	Corse	Feb. 26, 1929
1,780,142	Becker	Oct. 28, 1930
1,953,122	Munson	Apr. 3, 1934
1,973,406	Cooley	Sept. 11, 1934

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### C. SUMMARY OF ARGUMENT.

The art of making paper bags by machinery is very old; discussed in two early Supreme Court cases, *Union Paper Bag Machine Co. v. Murphy*, 97 U. S. 120, and *Continental Paper Bag Co. v. Eastern Paper Bag Company*, 210 U. S. 405.

The Gaubert machine in its entirety is substantially anticipated in the Hotchkiss Patent, which shows a

table, a movable mandrel, side folding means, end folding means, a retractable fold-line retaining means and sealing means; it employs glue sealing instead of heat sealing.

The Gaubert machine in its entirety is also substantially anticipated in the Beyer Patent which is intended to make the same type of flat bag with the same type of T-shaped seal, and which shows a table, a movable mandrel, side folding means, end folding means and sealing means; it also employs glue sealing instead of heat sealing.

The Patent to Hesser shows "retractable fold line retaining means" similar to those employed in the Gaubert machine.

The Hunt, Corse and Becker Patents teach the art of heat sealing. The Corse heater is mounted in the same way as the Gaubert heater, and the Hunt Patent shows a T-shaped heater similar to Gaubert's.

The claims in issue are invalid; Claim 2 reads word for word on Beyer, except for the one word "heated". The art of heat-sealing is amply taught by Hunt, Corse and Becker. Claim 2 is invalid, because it merely substitutes the well-known equivalent of heat-sealing for the glue-sealing in Beyer; and also because it attempts to reclaim the Beyer machine, while the entire novelty over Beyer resides in the modification of a single element, heat-sealing versus glue-sealing.

Claim 3 is invalid because its only distinction over Beyer resides in the "retractable fold line retaining means", which was old in Hotchkiss and Hesser. It

is also invalid for the reason that it defines the only feature distinguishing it from Beyer in a broad "means" clause.

The other claims in issue do not add any novel features and are void for the reasons advanced in connection with Claim 2. Claim 14 is further void as being drawn to a method which only defines the obvious function of the machine.

The Schultz machine does not infringe any of the claims of the Gaubert Patent; it is built along entirely different lines; it is vastly superior in operation, making from five to ten times as many bags per hour; it is fully automatic while the Gaubert machine is semi-automatic; it requires no operator.

Further, the Schultz machine feeds automatically from a continuous roll, while in the Gaubert machine, the operator manually feeds sheet by sheet; it feeds from the rear of the mandrel, while in the Gaubert machine the operator feeds from the front of the mandrel; it combines removal of the finished bag section, placing of a second section under the mandrel and side-folding of a third section in a single move, while in the Gaubert machine each of these operations involves a separate move. It end-folds over a retractable bar, while the Gaubert machine end-folds over the mandrel. The heater does not form a continuous T, but two separate heaters which seal part of the seam in one operation and part in the next operation.

The development of the Schultz machine called for a high degree of inventive ingenuity over the Gaubert Patent and the prior art.

All of the claims in issue call, in substance, for a side-folding over the side edges of the mandrel and for an end-folding over the end edge of the mandrel. In the Schultz machine, the side-folding is not done over the mandrel but over the rear edge of a stationary extension of the mandrel; and the end-folding is not done over the end edge of the mandrel, but over a special retractable bar projecting in front of the mandrel.

The side-folding and the end-folding operations in the two machines are not equivalent. The Schultz machine uses a "different means" for accomplishing the same purpose. A person may not patent the mere result or function of a machine.

There are hardly any parts in the two machines which are interchangeable.

The defendants have secured claims in a pending patent application which clearly indicate that the Patent Office considers the Schultz machine patentably different from the Gaubert machine.

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#### D. ARGUMENT—VALIDITY.

The art of making paper bags by machinery is very old. There are two celebrated Supreme Court decisions dealing with the subject, *Union Paper Bag Machine Company v. Murphy*, 97 U. S. 120, and *Continental Paper Bag Company v. Eastern Paper Bag Company*, 210 U. S. 405.



The Union Paper Bag decision was rendered in 1877, on a patent which issued in 1859, and apparently paper bag machines were an old institution at that time, because the Supreme Court commented:

“Machines for making paper bags are old, as both sides admit; and the evidence in this case shows that they had been constructed by many persons and in various form for more than twenty years, and with more or less utility. Neither party in this case claims to be the original and first inventor of an entire machine of the kind; nor could such a claim, if made, be sustained in view of the admitted state of the art.”

It is interesting to note that in the present procedure, some seventy years after the date of the famous Supreme Court decision, the plaintiff claims to be the “original and first inventor of an entire machine of the kind”, in the face of the warning of the Supreme Court that such a claim, even if made in 1877, could not have been sustained, in view of the then admitted state of the art.

The *Continental Paper Bag* case was decided in 1907, and it appears that nineteen prior art patents were relied on by the defendants. These two cases clearly indicate that there was considerable activity in the paper bag machine art ever since the early Sixties, and that large manufacturers were engaged in the industry at an early date. This makes it safe to assume that even the oldest prior art patents relied on in the present case issued at a time when the art was fully developed and many operative machines were on the market.



## 1. THE HOTCHKISS PATENT.

Referring to the present case, and the prior patents relied on, the Hotchkiss Patent of 1873 (Tr. page 437) provides all the essential elements of the Gaubert Patent, except for the heat sealing. The bag manufactured by this machine is illustrated in Figures 11, 14, 15 and 16, and is practically the same as the square bag used up to the present time in every grocery store. The machine comprises:

1, a table consisting of oppositely arranged plates N and O with a recessed portion P' between the same and means for positioning a pre-cut sheet of paper of proper size upon the table;

2, a mandrel j which descends into the recess for clamping the paper between the bottom of the recess and the mandrel;

3, side folding means comprising the plate N and the roller q, which form an upper longitudinal seam;

4, end folding members comprising sliding fingers a' for folding the lateral parts, folder m' for folding down the upper part, and roller q' for folding up the lower part. It is particularly noted that one of these members serves as

5, a fold-line retaining member; the folder m' is described (page 2, second column, line 45 and fig.):

“a thin plate of metal adapted to remain and hold the paper folded down by it until the lower part g' is folded up over it, and then withdrawn just in advance of the said lower part as it is pressed on the upper part from below upward by a roller, q' \* \* \*”

It thus appears that Hotchkiss in 1873 showed substantially the same organization as is found in the Gaubert Patent, except for the heat-sealing, and such variations in form as are inherent in the manufacture of a square bag as compared with a flat bag.

---

## 2. THE BEYER PATENT.

The Patent to Beyer of 1881 (Tr. page 452), again presents the same organization and comes still closer in appearance to the Gaubert Patent since it is intended to produce the same type of flat bag. It comprises:

1, a table top A for receiving a pre-formed sheet of paper;

2, a mandrel B shaped and hinged in the same manner as the mandrel in the Gaubert Patent;

3, side folding members E and F for folding the side margins of the paper over the mandrel, these side folding members corresponding exactly to the folding members 44a and 44b of the Gaubert Patent;

4, the end folding member L, which performs the same function as the end folding bar 74 of the Gaubert Patent, and

5, pressure means for effecting the seal.

It should be noted, that even at that time, in 1881, the side folding members were considered old and conventional, the patentee stating (page 1, line 52 and fig.):

“This movement is upon the ordinary principle of paper-bag machines of this class.”

The operation of the machine is almost exactly the same as the operation of the Gaubert machine and is described as follows (page 2, lines 55 to 79) :

“The paper is previously cut out in the ordinary manner for bags. It is laid upon the table in proper position. The treadle is up and the forming plate also. The sides of the paper rest upon the folding plate and the end upon the plate L. Now the treadle is pressed down. The rod C draws down the forming plate B immediately upon the center of the blank. The lever G is then acted upon and draws the folding plate F over, folding its side of the paper over upon the top of the forming plate. The lever H is next acted upon, and as the tension is brought upon the cord 1, the paster J descends and deposits paste upon the edge of the paper, which is then folded over upon the other side of the sliding plate E and pressed down. The strap M is then drawn tight, and the end plate L slides forward, its paster acting at once, and the end of the paper is folded over and rolled down by the roller *s* of the plate. When the pressure upon the treadle is removed, its spring and weight return it, and the various springs herein described return the plate and leave the bag formed upon the plate B. It may then be drawn off.”

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### 3. THE HUNT PATENT.

While thus the Hotchkiss and the Beyer Patents disclose the general organization of the Gaubert Pat-

ent, as applied to glue-sealing, the idea of heat-sealing was by no means novel with Gaubert. A process of heat-sealing is disclosed in the Hunt Patent of 1894. (Tr. page 460.) The patentee uses wax paper and takes advantage of "the adhesive property of the wax with which the paper comprising the bag is coated". (Page 1, lines 23 to 25.)

He folds the wax paper about a block *b* to form a square bag, with a longitudinal seam *a'* and bottom seams *c*.

"The next step in the process consists in applying a heated pressure to the paper where it overlaps, and thereby causing the wax at these places to melt and the overlapping layers of paper to be united. This pressure as here shown consists of a plain iron *d* having handles *d'* and adapted to be brought to bear on the folded bottom of the bag and having a leg *d*<sup>2</sup> adapted to extend over the side seam *a'* and close the same." (Page 1, lines 54 to 63.)

This heater, as in Gaubert, simultaneously seals seams arranged at right angles to one another and in the elevation of Figure 6 even shows the T-shape extensively dwelt upon in the Gaubert Patent.

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#### 4. THE HESSER PATENT.

The Patent to Hesser (Tr. page 466) again shows a similar construction. The sheet of paper is folded about a mandrel 56 (Tr. page 470) which is in the form of a block, to make a square bag. Figures 21 to 24 (Tr. page 466) show the steps taken. The flat sheet

a is first folded about the bottom edge of the mandrel to form upright sides CC' which latter are then folded over the top of the mandrel to form a seam d. The end is then folded in the familiar double-lap found in most paper bags.

It should be noted particularly that the side fold plates 73 and 74 (Figure 10, Tr. page 470) operate in the same manner as the side fold plates 44a and 44b of the Gaubert Patent. The end fold is formed in the manner familiar to every grocery store man, by first turning two opposite sides upon the mandrel to form an inner fold and then turning the two other opposite sides upon the first fold to form an outer fold. (Figure 24.)

The mechanism for folding the bottom or end fold is illustrated in Figure 14, in which the folders 101 first slide over the bottom of the mandrel 56 to form the inner fold and then the folders 110 perform the same operation to form the outer fold. It is interesting to note that in this patent, as in the Hotchkiss Patent, the inner folders 101 serve as "retractable fold line retaining means" for the outer folders 110, and are the full equivalent of the Gaubert fold line retaining member 62a-62b.

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## 5. THE JOHNSON PATENT.

The Johnson Patent of 1921 (Tr. page 484) is of interest as illustrating a slight advance in the art of



folding the paper. It again shows the fundamental elements of practically all bag-making machines, namely a table 1, a movable mandrel 2, means for folding the side edges over the mandrel as illustrated in Figure 2, means for folding the end edges as illustrated in Figures 2, 4 and 5, and means for sealing as at 9 and 10.

---

#### 6. THE CORSE PATENT.

The Corse Patent of 1929 (Tr. page 488) takes it for granted that the folding of a bag over side edges of the mandrel is so well-known as not to require illustration. But it shows a method of heat-sealing very much similar to that proposed by Gaubert. The electric heater 3 (Figure 2) is carried by the arm 1 and the latter is pivoted to the machine as at 22, the arrangement corresponding exactly to the Gaubert heater 92 carried by the arm 103 pivotally supported at 104. (Figures 1, 9 and 10, Tr. pages 318, 324.)

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#### 7. THE BECKER PATENT.

The Becker et al. Patent of 1930 (Tr. page 494) is of particular interest since it applies the process of heat-sealing to the same material as in the Gaubert Patent, namely moisture-proof Cellophane. The bag material is fed in tubular form from the roll 1, passed between rollers 11, and cut as at 12. It then passes between the creasing rollers 15 for creasing the end, and is advanced between the conveying plates 16 and



17 for folding the bottom along the crease. It thereupon passes between the pressure rollers 18 and the heater 20-21 where the bottom seam is sealed. The product is substantially similar to that of the Gaubert machine.

---

#### **E. THE CLAIMS IN ISSUE ARE INVALID.**

In the face of this crowded art, the Plaintiff-Appellant seeks the enforcement of Claims 2, 3, 5, 8, 14, 18 and 19 of its patent, and the Trial Court justly came to the conclusion that Gaubert had made no contribution to the art justifying such enforcement. It will be understood, of course, that there are a number of other claims in the Gaubert Patent, drawn more particularly to structural details, which may have a certain amount of novelty and which may give the Plaintiff protection as against a party attempting to build the same machine as described in the Gaubert Patent.

But the present procedure constitutes an attempt on the part of Plaintiff-Appellant to unduly expand the scope of the patent and to dominate a machine built along altogether different lines.

##### **1. Claim 2.**

Claim 2 of the Gaubert Patent, separated into its elements, reads as follows:

2. In a machine of the character described for the manufacture of paper bags from sheet material like "Cellophane",

a, a frame forming an operating table,

b, a plate-like mandrel movably secured to said table whereby a sheet of said material can be placed between one side of the mandrel and the table,

c, means for folding the side margins of the sheet over the side edges of the mandrel,

d, means for folding a projecting end margin of the sheet over one end of the mandrel, and

e, means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end margin overlaps the side margin.

This claim reads word for word on the Beyer Patent (Tr. page 452), except for the heat sealing. This fact is substantially admitted by the Plaintiff's own expert, Kercher, who, on cross-examination, testifies as follows (Tr. pages 237-241):

Q. Now, referring to the Beyer Patent, and reading from Claim 2, I will ask you whether you do not find most of these elements in the Beyer Patent:

“In a machine of the character described for the manufacture of paper bags from sheet material like cellophane \* \* \*”

A. Yes.

Q. Of course, cellophane is not used in the Beyer Patent. Do you find a frame in the Beyer patent?

A. I do.

Q. Forming an operating table?

A. Yes, sir.

Q. A plate-like mandrel?

A. I do.

Q. Do you find a plate-like mandrel?

A. Yes, sir.

Q. "movably secured to said table whereby a sheet of said material can be placed between one side of the mandrel and the table"—

A. It does.

Q. Does it show means for folding the side margins of the sheet over the side edges of the mandrel?

A. It does.

Q. Does it show means for folding a projecting end margin of the sheet over one end edge of the mandrel?  
(Portion omitted.)

Mr. Schapp. My last question was, "Means for folding a projecting end margin of the sheet over one end edge of the mandrel."

Mr. Flehr. What is the question?

Q. Does it show that? Does the Beyer patent show that?

A. Yes, it shows that.

Q. Now, I will ask the last element of the claim: "Means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end margin overlaps the side margins". Does the Beyer patent show that?

A. The Beyer patent does not show that.

Q. What part of the last sentence is absent from the Beyer patent?

A. There is no means for applying heat over the end margins or the side margins.

Q. No means for applying heat?

A. No, no heated surface.

Q. Apart from the heat, does it contain everything else?

A. No, it does not. It does not contain everything else. I doubt very much in the Beyer patent whether you could even apply pressure on the side margins and the end margins without adding a lot more to the design of the machine.

Q. It would depend on the weight of the plates, probably, wouldn't it?

A. Not only that, but it would necessitate a readjustment of the device—in other words, a different invention.

Q. Doesn't the description call for applied pressure in the Beyer patent?

A. It does not call for applying any pressure. There is nothing indicating any pressure in the Beyer patent, there is no method by which any pressure is applied with the exception of possibly the weight of the plate which slides over the block.

Q. The weight of the plate, itself, would apply pressure, wouldn't it?

A. To a certain extent.

Q. You are ready to admit, then, that every element in Claim 2 is shown by the Beyer patent except the last one?

A. The last one is certainly not there.

Q. And in the last one you are probably willing to admit that any plate lying over those seams would apply some pressure, depending, at least, on the weight of the plate?

A. I can't conceive of that being done on that machine because of the construction of the machine and

because of the fact that after these edges were folded and heat is applied, and it is applied simultaneously and not in succession—in other words, in the patent the seam is sealed first and then the end is sealed.

Q. Does Beyer provide a T-shaped seam when he gets through?

A. He does not. He has a T-shaped seam on the bag, yes. I will correct that.

It is apparent from the above testimony, as well as from an inspection of the drawings in the Beyer patent, that the latter anticipates every element of Claim 2, except for the heat sealing; the table being shown at A, the mandrel at B, the side folding plates at E and F, and end folding plate at L. The edge folded over by the sliding plate E is described as being “pressed down” by the latter (page 2, line 70), and the end fold is described as being “rolled down” by the rollers of the plate L. The Beyer machine is described by Mr. Kercher, plaintiff’s expert, as “relatively crude” but “operative”. (Tr. page 230.)

Since the heat sealing of paper bags has been proposed throughout the prior art, by Hunt in 1894, by Corse in 1929, by Becker in 1930 and by Munson in 1934 (application filed 1929), it must be assumed that by the time Gaubert entered upon the scene, heat-sealing had become an obvious equivalent of glue-sealing. It is clear, therefore, that the definition of Claim 2 distinguishes from the Beyer patent merely in the substitution of a well-known equivalent, heat-sealing under pressure versus glue-sealing under pressure.



That mere substitution of well-known equivalents does not amount to invention, is well settled law.

Claim 2 is also clearly invalid if considered from a different angle. It defines a combination of five elements, four of which are found in the Beyer patent, whereas the fifth (the heat sealing) is a mere departure from a corresponding element in the Beyer patent (glue sealing). It, therefore, clearly comes within the rule laid down by the Supreme Court in *Bassick Manufacturing Co. v. Hollingshead*, 298 U. S. 415, which prohibits repatenting of a whole machine where only one element of the machine is affected by the invention.

Commenting on this case, Walker, Deller's Edition, states on page 217:

"In the case of *Bassick Mfg. Co. v. R. M. Hollingshead*, 298 U. S. 415, 425, the U. S. Supreme Court, in discussing the question whether one who improved one element of an old combination whose construction and operation is otherwise unchanged, may, in effect, re-patent the old combination by reclaiming it with the improved element substituted for the old element, said:

'That this cannot be done is shown by numerous cases in this or other Federal Courts.' "

Claim 2, therefore, is clearly invalid for at least two reasons, namely:

1, it distinguishes from Beyer only in the substitution of a well-known equivalent;



2, it constitutes an attempt to re-patent the Beyer machine as a whole, although the defined improvement, if any, affects only one element of the Beyer machine.

## 2. Claim 3.

Claim 3 of the Gaubert Patent reads as follows:

3. In a machine for making paper bags from sheet material like "Cellophane",

a, a frame forming a table,

b, a plate-like mandrel movably mounted with respect to the table whereby a sheet of said material may be placed between said mandrel and the upper surface of the table,

c, means for folding projecting side margins of the sheet over side edges of the mandrel,

d, means for folding a projecting end margin of the sheet over one edge of the mandrel, and

e, retractable fold-line retaining means adapted to be interposed within the last mentioned fold.

The parts a, b, c, and d of this claim are all found in the Beyer patent, and the only remaining and distinctive feature of this claim, as compared with Beyer, is found in the "means" clause recited under e. Now, fold line retaining means are not new in the art, in fact they are shown by both Hotchkiss and Hesser.

In Hotchkiss (Tr. page 438), the side folders a' for the end of the bag (Figure 5) are used to fold opposing sides of the bottom of the bag and they "remain for a short time to hold them in place, while a quantity

of paste is delivered etc.” Furthermore, the folder  $m'$ , which folds over the top part of the bag end, is described as follows (page 2, second column, line 45 and fig.):

“This folder  $m'$  is a thin plate of metal adapted to remain and hold the paper folded down by it *until the lower part  $g'$  is folded up over it*, and then withdraw just in advance of the said lower part as it is pressed on the upper part from below upward by a roller,  $q'$  etc.”

This action seems to substantially correspond to that of the fold-line retaining members 62a and 62b of the Gaubert patent.

In Hesser (Tr. page 466), the two folders 101 (Figure 14) perform the same function and are arranged in practically the same manner as the fold-line retaining members 62a and 62b of Gaubert. They are made to slide over the end of the bag from opposite sides and form the first or inner fold so as to make it possible for the other pair of folders 110 to make the outer fold over the inner fold. The specification apparently does not state how long the folders 101 remain in place, but it certainly must be assumed that they will remain long enough for the outer fold to be made.

Thus, there is broadly nothing new in providing fold-line retaining members. In Claim 3, the fold-line retaining means is the only feature which distinguishes the claim from Beyer. The definition is sufficiently broad to cover even a ruler which the operator may carry in his pocket and apply occasionally by hand.

The claim does not make any attempt to connect the fold-line retaining means into the operation of the machine. Merely adding a well-known expedient to an existing machine certainly does not amount to invention, but is considered purely aggregation.

*Powers Kennedy Corp. v. Concrete M. S. C. Co.*,  
282 U. S. 175, 176:

“For these reasons we find that the patent (for a concrete conveyer using compressed air), is invalid. It consists of a combination of elements all of which were old in the art. Its application to the transportation of concrete did not involve invention. Neither the combination of old elements or devices accomplishing no more than an aggregate of old results (citing cases) nor the use of an old apparatus or appliance for a new purpose is invention.”

By the same token, the addition of the folders 101 of Hesser to the Beyer machine would be no more than an aggregation of old results.

In *Keystone Driller Co. v. Northwest E. Corp.*, 294 U. S. 42, 50, the Supreme Court said:

“We are convinced that the fixation of a scoop (in an excavator) to the stick, the pivoting of a drop-bottom near the front of the scoop, and the addition of rake teeth at the sides of the scoop, were all old in the art, and that the combination of them and adoption of the combined results were a mere aggregation of old elements requiring no more than mechanical skill, and were not, therefore, patentable invention.”

In a similar manner, it is apparent, that the addition of the slides 101 of Hesser, Figure 14, or of the slides a' of Hotchkiss (Figure 5) to the machine of Beyer would be mere mechanical skill.

Claim 3 is invalid for a second reason, namely that the only distinctive feature is expressed in a broad "means" clause. As has been pointed out before, the term used is so broad as to cover the function rather than the construction, and claims of this type have been held invalid by the Courts as trying to cover too much territory.

This subject was fully discussed in *Davis Sewing Machine Co. v. New Departure Mfg. Co.*, 217 Fed. 775, the Court stating:

"Reliance is also placed upon the opinion of this court, speaking by Judge (afterwards Mr. Justice) Lurton, in *Tyden v. Ohio Table Co.*, 152 Fed. 183, 81 C.C.A. 425. In this case, the claim calling for 'means' was held invalid because it covered all means for accomplishing the result, and so was functional. We do not question the application of the rule as made to the facts of that case; but we do not understand that a claim is functional and invalid merely because one of its specified elements is 'means', as in the *Tyden Case*, or 'mechanism', as in the present case. This result may or may not follow, depending upon whether the all-inclusive term is used with reference to the element or subcombination which is the real point and gist of the invention, or whether it is used with reference to elements or parts of the combination already well-known and designed only to co-operate with the new element in order

to make a completely operative unit. In other words, where used with reference to the exact point of novelty, 'means' or 'mechanism' may expose the claim to attack on the ground that it is functional; in that respect, each case will present a problem by itself. \* \* \*"

It is obvious in view of the prior art that Claim 3 is much too broad in the definition of the only element distinguishing it from Beyer, and would, in fact, cover the manual use of a ruler and any other possible construction for carrying out the function.

### 3. Claim 5.

Claim 5 is substantially the same as Claim 2, except that it introduces the T-shaped heater by name. There certainly is no invention in making a heater the shape of a T or any other letter of the alphabet. Neither is there invention in making the heating surface the same shape as the surface to be heated. That is the natural and obvious thing to do, and furthermore 'is fully disclosed in the patent to Hunt (Tr. page 460), where in Figure 6, the heater is shown as being T-shaped and in Figure 7 as being L-shaped. The patent to Beyer (Tr. page 452) arrives at a T-shaped seam, when the folding operation is completed, as admitted by Kercher, the plaintiff's expert (Tr. page 241):

Q. Does Beyer provide a T-shaped seam when he gets through?

A. He does not. He has a T-shaped seam on the bag, yes. I will correct that.



#### 4. Claim 8.

Claim 8 again is substantially similar to Claim 2, except that it defines the mandrel as being pivoted (in the same manner as shown in Beyer), and that it defines, in a rather involved sentence, the peculiar action of the front folding bar 74, which, through some link mechanism illustrated in detail in Figure 4 of the Gaubert Patent, is first raised and then lowered upon the bag. Broadly speaking, this action is substantially the same as that of the front folding plate L in Beyer. (Tr. page 454.)

It is further apparent, regardless of any broad question of infringement, which will be discussed later, that the Schultz machine does not use the "pivotal" connection for the mandrel, nor the peculiar link mechanism illustrated in Figure 4 of the Gaubert patent. (Tr. page 340.)

#### 5. Claim 14.

Claim 14 of the Gaubert patent defines the subject-matter of Claim 2 in the form of a method claim, and is fully met by Beyer (Tr. page 452), except for the heat sealing. Since heat-sealing was, at the time of the Gaubert invention, a well-known equivalent of glue-sealing (see Hunt patent, Tr. page 460, Corse patent, Tr. page 488, and Beyer patent, Tr. page 464), Claim 14 distinguishes from the Beyer patent merely in the substitution of a well-known equivalent.

Claim 14, furthermore, is an improper method claim, since it merely defines the function of the machine.



This is admitted by Mr. Kercher, Plaintiff's expert (Tr. page 224) :

Q. Regardless of the law of the question, I want to ask you now whether in this claim you find any step or any method which is not the mere obvious function of the machine?

A. I do not.

Later in the testimony, Mr. Kercher testified (Tr. page 246) that the steps of the method could be carried out by hand, instead of being carried out by a machine, but this is obviously wrong because the claim expressly calls for the use of "plate-like mandrel having a contour corresponding generally to the contour of a "finished bag" which clearly indicates that it cannot be done altogether by hand.

That the mere function of a machine is not patentable, is well-settled law:

*Expanded Metals Co. v. Bradford*, 214 U. S. 366, 383, 384:

"It is undoubtedly true, and all the cases agree, that the mere function or effect of the operation of a machine cannot be the subject matter of a lawful patent."

*Westinghouse v. Boyden Power Brake Co.*, 170 U. S. 537:

"Where the process is simply the function or operative effect of a machine, the above cases are conclusive against its patentability; but where it is one which, though ordinarily and most successfully performed by machinery, may also be per-

formed by simple manipulation, such, for instance, as the folding of paper *in a peculiar way* for the manufacture of paper bags, or a new method of weaving a hammock, there are cases to the effect that such a process is patentable, though none of the powers of nature be invoked to aid in producing the result (citations)."

The plaintiff-appellant certainly cannot claim that he folds his bag in a peculiar way, because he follows the exact method used by Beyer.

6. Claim 18.

Claim 18 reads as follows:

18. In a machine for forming bags from sheet "Cellophane" or like material,

a, a mandrel;

b, means for folding over side and bottom margins of the sheet over the mandrel through angles of substantially  $180^\circ$ , thereby forming a T-shaped overlap area on one side face of the mandrel;

c, a heater having a similar T-shaped heated surface, and

d, means for pressing said heated surface upon said overlap area.

This claim again is similar to Claim 2, except that it condenses the folding operations. However, it describes exactly what Beyer does, who folds over side and bottom margins of the sheet over the mandrel through angles of substantially  $180^\circ$  and who forms a T-shaped overlap area on one side face of the mandrel.

The only distinction over Beyer is the T-shaped heater, and it certainly does not amount to invention to make a heater the shape of a T or any other letter of the alphabet, or to make a heater of the same form as the object to be heated, particularly in view of the fact that heat-sealing was well known. (See Hunt, Tr. page 460, Corse, Tr. page 490, and Becker Tr. page 494.) Hunt, furthermore teaches the art of heating transversely arranged seams by means of a single heater and in a single operation, the heater being T-shaped in Figure 6 and L-shaped in Figure 7.

**7. Claim 19.**

Claim 19 again defines substantially the same subject-matter as most of the claims previously discussed and is fully met by Beyer, substituting Hunt's heat-sealing for the Beyer glue-sealing.

In view of the above considerations, it is apparent that the claims of the Gaubert patent in issue, are obviously invalid. They constitute an attempt to re-patent the broad features of the Beyer patent, with a well-known process of heat-sealing substituted for glue-sealing, and must fail on the well-recognized principle that mere substitution of equivalents does not amount to invention.

**F. INFRINGEMENT.****1. PLAINTIFF'S EXHIBITS 4 AND 6 NOT FAIRLY REPRESENTATIVE OF PATENTED MACHINE.**

While thus the Gaubert patent is patterned substantially after the Beyer patent, the Schultz machine is built along altogether different lines, and any ordinary observer, disregarding all the fine points of the patent law and interpretation of claims, would be struck by the fact that there is much greater distinction between the Schultz machine and the Gaubert machine (as shown in the patent), than there is between the Gaubert machine and the Beyer patent.

This fact is quite apparent to any one who would be confronted by the three machines only, the Beyer machine, the Gaubert machine as illustrated in the patent, and the Schultz machine. Unfortunately the plaintiff brought a certain amount of confusion into the situation by failing to produce a machine built like the disclosure in the patent, and by instead producing two machines (Pl. Ex. 4 and 6) representing later developments. This was all the more confusing since the later developments were fashioned after the Schultz machine and the principal features thereof were claimed by the Schultz Brothers as their invention in a pending application. The two later machines, Plaintiff's Exhibits 4 and 6, were introduced over defendants' repeated objections.

(Tr. page 72): Mr. Flehr. We will call it the Commercial Simplex Machine with the cellophane roll attachment. I will offer that machine in evidence, the same to be marked Plaintiff's Exhibit 4.

Mr. Schapp. If your Honor please, may I make an objection at this time? I particularly made a request of counsel to offer the machine in evidence to-day as actually shown in the patent, to bring the machine that formed the basis of his patent application, and instead of that counsel for the plaintiff brings in another machine which has been changed considerably, and particularly which has been changed to look much more like the defendants' machine than the patented machine does."

And again in connection with Plaintiff's Exhibit 6 (Tr. page 80):

Mr. Flehr. I offer in evidence the last machine that the witness has referred to as the all-automatic machine, and to be marked Plaintiff's Exhibit 6.

Mr. Schapp. That is objected to, your Honor, because the machine absolutely is a later development, and does not seem to have anything to do with the patent. The plaintiff has, himself, stated that he didn't bring out this machine until very recently, and the patent is three years old, so that it could not possibly have any bearing on the patent situation. I object to it as being absolutely immaterial and irrevelent to the issues in suit.

And again in connection with the demonstration of Plaintiff's Exhibit 6 (Tr. page 97):

Mr. Schapp. "If your Honor please, I wish to offer an objection to the demonstration of this machine. According to the testimony of this witness this machine was not made until 1940; that is about three years after the patent issued. It doesn't look anything



like the patent; it is a thoroughly reorganized machine. As a matter of fact it has been reorganized to compare with our machine, and in its operation it seems almost exactly the same as our machine. But it is in no wise in issue; the sole thing that is in issue is the patent, whether our machine infringes the claim of the patent. If they have developed a machine that looks something like—maybe it is a copy—when you compare ours, that can have no possible bearing on the questions in issue.”

While apparently the Trial Court was not confused by the presentation of the two later machines, Plaintiff's Exhibits 4 and 6, particularly in view of the strenuous objections made by the defendants, it is only fair to bring this point to the attention of the Appellate Court and to underline the fact that the only safe way of making comparisons is by using the actual patent disclosure.

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## 2. SIMILARITY BETWEEN BEYER AND GAUBERT MACHINE.

The similarity between the Beyer machine and the Gaubert machine as illustrated in the patents is really remarkable.

In each machine the operator is furnished with a stack of pre-formed sheets, each sheet having just sufficient material to form one bag.

In each machine, the operator places a sheet between the table top and the raised mandrel, bringing the sheet manually in the proper position.



In each machine the operator then depresses a foot pedal, which in each machine sets in motion the same cycle of operations, namely:

- 1, bringing down the mandrel;
- 2, folding over the side margins over the side edges of the mandrel;
- 3, folding over the end margins over the end edge of the mandrel;
- 4, sealing the T-shaped seam thus formed;
- 5, raising the mandrel.

In each machine the completed bag is then removed manually and the machine is ready for the next operation.

It should be particularly noted that in both machines, the term "folding over the side edges" and "folding over the end edge of the mandrel" actually means that the side edges and the end edge of the mandrel are used as the folding medium, that is, as a template against which the folding operation takes place.

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### 3. SCHULTZ MACHINE DIFFERENT ORGANIZATION.

As compared with these two machines (Beyer and Gaubert), the Schultz machine is radically different, and produces bags at a rate variously estimated as being five to ten times more than the Gaubert machine produces in a given time. It introduces an entirely new idea into the art, namely the automatic feed from a continuous roll over a rear extension of the mandrel,

which allows the machine to perform three operations at the same time, namely:

- 1, withdrawal of a completed bag section;
- 2, positioning of a second bag section; and
- 3, side-folding of a third bag section.

Comparing the Schultz machine with the Beyer and Gaubert machines:

- 1, there is no bringing down of the mandrel;
- 2, there is no side folding over the side edge of the mandrel;
- 3, there is no end folding over the end edge of the mandrel; and
- 4, there is no raising of the mandrel.

In the Schultz machine, the mandrel essentially retains its position at all times, there being some slight vibratory action as the result of the alternate advance of the cellophane and the pressure of the heaters; but this movement is merely incidental to other operations and does not involve any separate, time-consuming steps as in Gaubert.

In the Schultz machine, there is no side folding over the side edge of the mandrel. The side folding is done over the rear edge of a rear extension of the mandrel; and the cellophane reaches the mandrel already folded.

In the Schultz machine, there is no end folding over the end edge of the mandrel; the end folding takes place over the bar F (drawing, Tr. page 363) which projects beyond the front edge of the mandrel.

Furthermore, the Schultz machine does not use a T-shaped heater, if the term is intended to mean anything. In Gaubert, the T-shaped heater is intended to correspond to the T-shaped seam so as to seal the same in one operation. He has to use a T-shaped heater, inasmuch as he has only one operation available on account of his individual sheets.

In the Schultz machine, two heaters are provided, spaced one from the other by at least the width of the bar F. (Tr. page 363.) The Schultz machine has to use two heaters to accommodate the bar F and can afford to use two heaters, because, working on a continuous ribbon, they have more than one operation available for sealing the two seams.

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#### 4. GAUBERT CLAIMS DO NOT READ ON THE SCHULTZ MACHINE.

*All of the claims in issue call for a side-folding "over the side edges of the mandrel", and for end-folding "over the front edge of the mandrel", except for Claim 18, which calls for side and end folding "over the mandrel".*

*The Schultz machine does not side-fold "over the side edges of the mandrel", nor end-fold "over the end edge of the mandrel" nor does it do any folding over the mandrel.*

Thus the Schultz machine clearly avoids infringement of all the claims in issue, regardless of the questions whether the Schultz mandrel is considered "movable" or the Schultz heater considered T-shaped.

## 5. DIFFERENCES CLEARLY SEEN BY TRIAL JUDGE.

That the Trial Judge, who had the machines before him, and who repeatedly followed the operation of each machine, immediately saw the marked differences between the Gaubert machine and the Schultz machine, may be clearly seen from the following part of the testimony of Mr. Kercher, the plaintiff's expert, (Tr. pages 139-142):

Mr. Flehr. Q. Now, Mr. Kercher, would you point out the mechanism on this Plaintiff's Exhibit 4 which folds over the side margins of the sheet?

A. In Plaintiff's Exhibit No. 4 the machine is so designed that the plates—after the mandrel has been lowered upon the material between—on top of the plate side, the plates are successively pushed over the top of the mandrel, folding the cellophane over the top of the mandrel.

Q. Now, do you find anything in this Defendants' Exhibit A corresponding to those folding elements?

A. Yes. In Defendants' Exhibit A we find a device which is substantially equal in effect; that is produced by bringing the cellophane over the end of the mandrel at such an angle that the sides are folded successively, one side under the other side, over the top of the mandrel, so that the longitudinal seam can be sealed in one operation.

Q. Now, would you just briefly point out where you find such folding means illustrated in the patent in suit. Point it out in connection with the drawing.

A. It is indicated here in the drawing in Figure 6 that the plates marked 28 will move over the top of

the mandrel causing the sides to be folded over the top of the mandrel.

The Court. Figure what?

The Witness. In Fig. 6, pardon me, I see the plates there are in this case 44a and 44b.

The Court. 44a and 44b. Point them out on the machine.

A. They are the little plates in the operation of the machine. Your Honor, the mandrel comes down, the cellophane laying over the plate on the top; these plates on the side here——

The Court. Yes.

The Witness (continuing). ——over the top of the mandrel move out folding the cellophane over the top of the plate, one moving in after the other. That is the same as the folding means that they have on the end of the mandrel. In other words——

The Court. The same? In what respect is it the same?

A. In that the cellophane is folded over the top surface of the mandrel. This means of folding it produces the identical effect that the other means has that is arranged on the end of the mandrel, whereas these move over the side of the mandrel.

The Court. Yes, but what similarity is there between the two?

A. It would be perfectly feasible to arrange this roll of paper in such a way that this sheet could be brought in here on this machine, which is Exhibit A, the defendants' machine, and the folding device on this machine could be put on here to accomplish the same purpose that that does.



The Court. All right; granting that is true, what is the similarity of those two operations?

A. The similarity is that they fold——

Q. The result is the same?

A. They fold the cellophane over the top of the mandrel.

Q. In one the fold there is without any slots in the operation; the other folds itself on account of the position of the roll and the way it is fitted into the machine; is that true?

A. That is the idea.

Q. And at an angle. What similarity is there between those two?

A. The similarity is that when we read the patent claim, the patent claim does not indicate that this has to be this kind of a device; it provides means for folding the cellophane over the top of the mandrel.

The Court. That is all right.

A. Regardless of what kind of a method we use, the means which are essential perform essentially the same function.

The Court. Q. You get the result by different means.

A. Yes.

Q. Then the question is, what is the similarity in the means. Only the position of the paper and the diagonal position over which it goes down, is that true?

A. That is true.

The Court. All right. That is all. Pardon me for interrupting counsel.



The “diagonal position” mentioned by the Court applies to the improved machine offered in evidence by plaintiff, and not to the machine actually shown in the patent.

Both the Court and the plaintiff’s expert agreed that the defendants’ machine performed the side-folding by different means, and the expert found it difficult to discover any similarity between the means. The only similarity the Court could see, was “the position of the paper and the diagonal position over which it goes down”, and these features, while present in the machine, Plaintiff’s Exhibit 4, are not shown in the Gaubert Patent.

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#### 6. ELEMENTS NOT EQUIVALENT.

The question of infringement, therefore, seems to hinge on the question whether the means employed by the Schultz machine for making the bag may be considered the equivalent of the means employed in the Gaubert Patent. For the purposes of discussion, we may assume that the result of the two machines is substantially the same, namely, that the bag produced by the Schultz machine is substantially the same as that produced by the Gaubert patent, although there is a minor difference.

Comparing the machines as a whole, the following differences may be pointed out:

1. The Gaubert machine is hand operated, while the Schultz machine is entirely automatic.

2. The Gaubert machine produces from 500 to 900 bags per hour (Tr. page 164, 700 to 900 bags per hour; Tr. page 112, 500 bags per hour); the Schultz machine produces 4000 to 5000 bags per hour.

3. The Gaubert machine uses many more operations for each bag than the Schultz machine. Since each operation requires a certain amount of time, this explains the relative speeds of the two machines.

In detail the operations may be set forth as follows:

The Gaubert Patented machine:

1. Raising of the mandrel;
2. Manual placing of the individual sheet underneath the mandrel;
3. Bringing down the mandrel;
4. The side folding;
5. The end folding;
6. Bringing down the heater;
7. Raising the heater;
8. Manual removal of the finished bag.

The Schultz Machine:

1. The automatic traveling forward of the finished bag. This simple operation pulls out a completed bag section, draws a second bag section underneath the mandrel and side folds a third section over the stationary extension;

2. The cutting and end folding, carried out in one movement;

3. Bringing down the heater;
4. Raising the heater.

There are no definite and independent steps of raising and lowering the mandrel as in the Gaubert Machine. What little movement of the mandrel there is, is incidental to the advancing of the paper and the downward movement of the heater, and does not consume any time in the operation of the machine.

Thus, the Schultz machine reduces the number of operations to one-half, and increases the output from five to ten-fold.

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## G. THE LAW.

### 1. EQUIVALENCY.

The law of equivalency has been discussed in many decisions. Broadly speaking, the range of equivalents allowed an inventor depends upon the state of the art and is commensurate with the scope of the invention.

*Westinghouse v. Boyden Power Brake Co.*, 170 U.S. 537:

“To what liberality of construction these claims are entitled depends to a certain extent upon the character of the invention, and whether it is what is termed in ordinary parlance, a ‘pioneer’. This word, although used somewhat loosely, is commonly understood to denote a patent covering a function never before performed, a wholly novel device, or one of such novelty and importance as to mark a distinct step in the progress of the art, as distinguished from a mere improvement or per-

fection of what has been done before. Most conspicuous examples of such patents are: The one to Howe of the sewing machine; to Morse of the electric telegraph; and to Bell of the telephone. The record in this case would indicate that the same honorable appellation might be safely bestowed upon the original air-brake of Westinghouse, and perhaps also upon his automatic brake.”

The plaintiff in this case would hardly have the temerity to classify himself with the above inventors. Paper bag machines have been made for many years and his organization corresponds substantially to that of the Beyer patent. It is apparent that his invention, if any, falls within the class of so-called secondary inventions, and is entitled only to a relatively narrow range of equivalents.

*Electric Protection Co. v. American, etc., Co.*,  
184 Fed. 916, 923, CCA 8 (1910):

“To sustain the charge of infringement the infringing device must be substantially identical with the one alleged to be infringed in (1) the result attained; (2) the means of attaining the result; and (3) the manner in which its different parts operate and cooperate to produce the result. If the devices are substantially different in either of these respects the charge of infringement is not sustained.”

*Union Paper Bag Machine Co. v. Murphy*, 97  
U.S. 120, and other citations.

In the present case, it is clear that the Schultz machine does not use the same means of attaining the

result, nor the same manner in which its different parts operate and cooperate to produce the result. In fact, the plaintiff's expert admitted that the Schultz machine involved different means for accomplishing the result and he was unable to point out any similarities in the different means employed.

*Railway Company v. Sayles*, 97 U.S. 554:

“In such case, if one inventor precedes all the rest, and strikes out something which includes and underlies all that they produced, he acquires a monopoly, and subjects them to tribute. But, if the advance toward the thing desired is gradual, and proceeds step by step, so that no one can claim the complete whole, then each is entitled only to the specific form of device which he produces, and every other inventor is entitled to his own specific form, so long as it differs from those of his competitors and does not include theirs.”

The Gaubert invention is certainly one of those developed in the step by step process. There is not a single new idea advanced in this patent. The general organization is shown in the Beyer Patent, the fold-line retaining means is shown in Hesser (Figure 14), the heat-sealing is suggested in Hunt, Corse and Baker, and the T-shaped heater in Hunt. This is clearly a case where each inventor is entitled to his own specific form.



## 2. CONTRIBUTION MADE BY DEFENDANTS.

That the contribution to the art made by Defendants' machine, also forms an important factor, appears from the following quotation:

*H. Ward Leonard, Inc. v. Maxwell Motor Sales Corp.*, 252 Fed. 584, C.C.A. 2:

"An inventor is, of course, not confined to the exact details of his disclosure, else his patent would be of small value. The extent to which he may generalize it depends, not only on the surrounding pressure of the art, but the extent to which the variations which he wishes to cover in his claims, are themselves within the initiative of a journeyman of the art. For the inventor's contribution must be a sufficient guide in itself, and its extent is limited to such substitutes for any disclosed element, as the art needs no help to find."

Would the Gaubert machine suggest to an ordinary mechanic the improved structure of the Schultz machine? Certainly not. In fact, the Schultz structure is much more ingenious than the Gaubert structure. After all, in folding his sheet, Gaubert follows not only the teachings of Beyer and other inventors, but uses the most obvious manner of folding a piece of paper into a bag, which would probably be followed by any person confronted with the task of making a bag.

The real forward step came in the Schultz machine which developed the idea of feeding from a continuous roll and of causing the machine to work on three different sections of the roll at one time; simultane-



ously pulling out one (completed), pulling a second bag section into place, and side-folding a third section. This idea certainly was ingenious and increased the speed of the machine manifold. To call this such a substitute for the conventional method used by the Gaubert Patent "as the art needs no help to find" would be hardly fair.

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### 3. NO INTERCHANGEABILITY OF PARTS.

It has been held that interchangeability or non-interchangeability is an important factor or test in determining the question of infringement. (*Mills v. Eagle Co.*, 151 U.S. 186, 208.) Comparing the two machines, there is really nothing that is interchangeable:

1. The Gaubert machine operates on pre-formed sheets; the Schultz machine from a continuous roll. Gaubert's sheets could not be used on the Schultz machine, as admitted by Mr. Kercher, Plaintiff's expert (Tr. page 200):

Q. But the machine, as it stands there, will it make a bag from a sheet of pre-formed material?

A. (Mr. Kercher). I would say that would be rather impossible——

Q. Would it be possible with an ordinary-sized sheet, such as used in an ordinary bag, with this machine?

A. No, it would not.

And the continuous roll of Schultz, could not be used on the Gaubert machine, as admitted by the same expert. (Tr. page 197):

Q. I am not asking you what is perfectly obvious. I am asking you whether it (the Gaubert machine) solves the problem of making bags from a continuous roll without intermediate cutting.

A. It could not be done without the cutting.

2. The Gaubert patent uses a flat table top 10, whereas the Schultz machine uses a mere T-shaped frame member to lend support for the heating operation. Gaubert needs a flat table for the original positioning of the paper and it is apparent that the T-shaped frame member of the Schultz machine would not offer sufficient surface to support the paper.

3. The Gaubert mandrel is short, substantially the length of the bag to be formed. The Schultz mandrel has a stationary extension which makes it about twice as long. The Gaubert mandrel could not be used on the Schultz machine because it does not have the stationary extension, and the Schultz mandrel would, at least, be very awkward to use on the Gaubert Machine.

4. The side folding members 44a and 44b of Gaubert could not be used on the Schultz machine. The Schultz machine requires the full length of the rear extension of the mandrel to effect the side folding without tearing the paper. Gaubert's side folders can only be used on pre-cut sheets. If used on a continuous roll or sheet they would hopelessly tear the paper.

5. The end folding means are not interchangeable. The Gaubert machine folds over the front edge of the mandrel and does not leave any projecting portion

for automatic grippers to act on. The fold line retaining means are not interchangeable. The slides 62a and 62b would not work on the Schultz machine, because the mandrel is not held in any definite position, and the Schultz Bar F (Tr. page 363) could not be used in the Gaubert machine for the reason that it does not leave the mandrel and would prevent the raising of the mandrel in the Gaubert patent.

6. The heater is not interchangeable because the Gaubert heater does not have the gap to accommodate the Schultz fold-line retaining member; and the Schultz heater would not make a complete seal if used on the Gaubert machine on account of the gap.

*It is thus apparent that except for the final result of the finished bag, the two machines really have nothing in common, either in the means for accomplishing the result, or in their respective modes of operation.*

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#### 4. DEFENDANTS' OWN PATENT APPLICATION.

The defendants filed a patent application of their own on their machine, and a copy of the file wrapper in this application was introduced in evidence as Defendants' Exhibit I. (Tr. page 531.) The drawings in this application are found on Tr. pages 559-560. While the case was at that time still in due course of prosecution, the Examiner of the Patent Office had already indicated (Tr. page 567) that Claims 4, 5, 10, 11, 17, 18 and 20 were allowable. The allowed Claim 10 reads as follows:

10. In a bag forming machine, means for revolvably mounting a roll of material for feeding a ribbon of material therefrom, means engaging the front end of the ribbon for intermittently advancing the same a specified distance, means for forming an intermediate portion of the ribbon into a tube during the advance, with overlapping longitudinal edges, means for cutting the ribbon at the end of each advance and at a point spaced from the front edge, so as to present a new front edge, a transverse bar overlying the ribbon, means for intermittently moving the same between an advance position near the front edge of the tube and a retracted position, means for turning the new front edge over the advanced bar to form a transverse closure for the tube, two heating elements, one being transverse and one being longitudinal, and means for pressing the same upon the turned front edge and the longitudinal overlap for sealing the same when the bar is retracted, the heating elements being spaced by a distance equal at least to the width of the bar.

This claim defines the Defendants' machine in its entirety, as distinguished from the Plaintiff's machine in its entirety. *This is not a definition of the Gaubert machine, with something added to it, but is a definition of a new organization.* A careful reading of the claim will convince the Court that there is hardly a word in the claim which even remotely reminds the reader of the Gaubert machine.

The Gaubert Patent does not show any means for revolvably mounting a roll of material for feeding a ribbon of material therefrom, nor any means en-

gaging the front end of the ribbon for intermittently advancing the same a specified distance.

The Gaubert Patent does not show any means for forming an intermediate portion of the ribbon into a tube during the advance, nor any means for cutting the ribbon at the end of the advance and at a point spaced from the front end so as to present a new front edge.

The Gaubert Patent does not show a transverse bar overlying the ribbon with means for intermittently moving the same between an advanced position near the front edge of the tube and a retracted position. (His members 62a move laterally to clear the bag.)

Finally, the Gaubert Patent does not show the two heating elements spaced by a distance equal to the width of the bar.

The only features of the claim which even remind of the Gaubert Patent are the means for turning over the bottom edges and the means for applying the heater, and both of these are amply disclosed in the Becker Patent of 1930. (Tr. page 494.)

This comparison clearly shows that the two machines represent two substantially different parallel developments, touching at two points only, neither of which was basically new in the Gaubert Patent.

The file wrapper also shows that the following claim was allowed:

20. In a bag making machine, a heating means for a bag having a transverse bottom seam and a longitudinal seam, comprising a supporting bracket, a



heater arranged transversely thereon for sealing the bottom seam and a second heater mounted longitudinally there on for sealing the longitudinal seam, the second heater being spaced from the first heater to allow clearance for an interposed forming element.

This claim defines the Defendants' heater and its allowance clearly shows that the Examiner of the Patent Office saw a substantial difference between the Defendants' heater and that shown in the Gaubert Patent.

The opinion of the Patent Office is entitled to considerable weight:

“Considering the complainants and Whitney as alike having improved on the prior art, the question is whether the specific improvements of the one actionably invaded the domain of the other. *The presumption from the grant of letters patent is that there was substantial difference between the inventions.*”

*Kokomo Fence Machine Company v. Kitselman*,  
189 U.S. 8.

“There is a presumption from the grant of letters patent for two improvements on the prior art that there is a specific difference between the inventions.”

*Dalton Adding Machine Co. v. Rockford Milling Machine Company*, 253 Fed. 187.

“A presumption arises from the grant of letters patent to Crotto that his invention is different from that of Ryneerson.”

*Gerrity et al. v. Dallas Foundry*, 4 Fed. (2d) 655.



A case closely parallel to the one under discussion is *Edwards v. Johnston Formation Testing Corp.*, 44 Fed. (2d) 613, in which the Plaintiff, never having used the actual machine shown in the patent, sought to extend the scope to the machine actually used by him, and thence to the Defendant's machine:

"Further, Plaintiff finds his position more complicated by the fact that the forms of the device which he now employs in commercial practice are not those shown in the drawings and specifications of the patent, that the device of his patent was never commercially used, and that he is now seeking not only to protect himself in the presently used device as an equivalent to that shown in the patent, but through the similarity of the presently used device to that of the Johnston device is seeking to extend the doctrine of equivalents from his patent description to the device now used by him, and having done so, by a further step to that of Johnston."

"Plaintiff's effort in this regard is not helped by the fact, that the Patent Office, after full investigation, has granted to Johnston a patent on his device. (Citations.) While it is true that the grant of a subsequent patent does not raise in law any controlling influence of noninfringement, *Wisconsin-Minnesota Gas Co. v. Hershey Company* (C.C.A.), 28 Fed. (2d) 838, in determining the question of infringement as a fact, the action of the Patent Office in granting the patents, and the disclosure of the file wrapper, are entitled to weight in determining the fact question of whether between the two devices, there is a substantial difference in function."

While in the above case the machine shown in the patent had never been actually used commercially, the present case is somewhat different in that Gaubert did use the patented machine commercially. But it should be remembered that of the machines actually shown in the patent, only six were sold. (Tr. page 106.) After the feed roll attachment was added, some one hundred and thirty-nine (Tr. page 105) were sold during a period of about six years, that is, about twenty-three per year. The real success began only after the Plaintiff had reorganized his machine along the lines of Defendants' machine when he sold sixty-nine machines in less than one year. (Tr. page 103.)

It is true that Courts have not been willing to unanimously accept the doctrine that the grant of a patent to defendants creates a presumption of non-infringement. It is admitted that no such presumption is justified in view of the Court decisions. The defendants' patent may cover merely an addition to the Plaintiff's patent, or, as expressed in *Herman v. Youngstown Car Manufacturing Company*, 191 Fed. 579, may constitute an infringement of the plaintiff's patent plus some improvement. In that case, the presumption of non-infringement would not be justified.

On the other hand, the Defendants' patent may represent a different species, a parallel development, as in the present case. In that case it becomes important to decide whether one structure is the equivalent of the other, and the granting of a patent on the second structure creates the presumption, as stated in the Supreme Court case of *Kokomo v. Kitselman*,

above cited, that there is a substantial difference between the two structures. That seems to be the gist of the many court decisions on this point.

In the present case, the plaintiff, at best, has only made some minor improvements over the Hotchkiss and Beyer Patents. Broadly speaking, Gaubert clung to the Beyer machine, and as long as he did, he had a machine of very limited capacity. The defendants broke loose entirely from the Beyer conception and developed the automatic rear feed from the continuous roll, which eliminated all hand operation and increased the capacity from five to ten times. After the defendants had introduced their new machine, the plaintiff adopted the salient features thereof, and now he is trying to expand the scope of his minor improvements to cover the radical departure in Bag Making Machines originated by the Schultz Brothers. This would hardly seem fair.

---

#### H. CONCLUSION.

It is respectfully submitted:

1. That Claims 2, 3, 5, 8, 14, 18 and 19 of the Gaubert Patent in issue are invalid for the principal reason that they constitute an attempt to re-patent the Beyer machine, with some minor modifications amply disclosed in the prior art; heat-sealing in the Hunt, Corse and Becker Patents; and the retractable fold-line retaining means in the Hotchkiss and Hesser Patents.

2. That Claims 2, 3, 5, 8, 14, 18 and 19 of the Gaubert Patent in issue are not infringed by the Schultz machine for the reasons that the Schultz machine is built on entirely different principles, is vastly superior and there are hardly any two parts in the two machines which could be interchanged.

Dated, San Francisco,  
March 4, 1942.

ADELBERT SCHAPP,  
*Attorney for Appellees.*

No. 9871

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IN THE  
**United States Circuit Court of Appeals**  
For the Ninth Circuit

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SIMPLEX WRAPPING MACHINE CO.

(a corporation),

*Appellant,*

vs.

CHARLES F. SCHULTZ, IRA E. SCHULTZ,  
SCHULTZ FOOD COMPANY (a partner-  
ship), and GEORGE KOSTER, doing  
business under the fictitious name  
and style of Koster Candy Company,  
*Appellees.*

Upon Appeal from the District Court of the United States for the  
Northern District of California, Southern Division.

REPLY BRIEF FOR APPELLANT.

---

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FILED

MAR 14 1912

PAUL D. FLEHR





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CHARLES F. SCHULTZ, IRA E. SCHULTZ,  
SCHULTZ FOOD COMPANY (a partner-  
ship), and GEORGE KOSTER, doing  
business under the fictitious name  
and style of Koster Candy Company,  
*Appellees.*

Upon Appeal from the District Court of the United States for the  
Northern District of California, Southern Division.

**REPLY BRIEF FOR APPELLANT.**

---

**GENERAL REMARKS.**

This reply brief will be confined mainly to the points raised in Defendants' (Appellees') brief, and it will be shown that Defendants have not properly rebutted the points raised in Plaintiff's opening brief.

**GENERAL NATURE OF ARGUMENTS PRESENTED IN  
DEFENDANTS' BRIEF.**

Defendants argue in general that the lower Court was correct in holding the claims in suit to be anticipated by the prior art. They also urge invalidity because of the wording of certain of the claims, and because claim 14 is alleged to be an improper method claim.

Although the trial Court made no findings or conclusions with respect to infringement, Defendants devote a considerable part of their brief to lack of infringement, assuming that the claims are valid.

An unusual phase of Defendants' brief is worth noting. On pages 25, 26 and 27 of Plaintiff's brief it is pointed out that the combination of claim 3, including the retractable fold line retaining means, is novel over the showing of the prior art, and that its novelty and utility was specifically conceded by the testimony of the Defendant Charles F. Schultz (Tr. p. 298).

Now Defendants are specifically contradicting the testimony of Charles F. Schultz, and they purport to find the combination of claim 3 in the Hotchkiss and Hesser patents, including particularly the retractable fold line retaining means (Defendants' Brief pp. 9, 12, 13, 21). This clearly reveals a lack of reasonable restraint in urging invalidity, and in belittling Gaubert's patented contribution to the art of making moistureproof cellophane bags.

In addition to the above, Defendants have gone beyond the actual record by contending that the latest model (Plaintiff's Exhibit 6) Simplex machine has

borrowed many mechanical features from the Defendants' machine.

---

#### VALIDITY—PRIOR ART IN GENERAL.

Commencing on page 7 of their brief Defendants call attention to two Supreme Court decisions, namely *Machine Company v. Murphy*, 97 U.S. 102, and *Continental Paper Bag Company v. Eastern Paper Bag Company*, 210 U.S. 405. Presumably Defendants intend to have this Court take judicial notice of the fact that bag machines are notoriously old in the art, with the inference that no such present day patent can be valid.

In both of the above Supreme Court decisions the patents in question were held valid and infringed, although admittedly covering only improvements to prior machines for making bags. They also held that the claims should not be strictly construed, but should be given a reasonable interpretation with respect to the range of mechanical equivalents covered.

Plaintiff in this instance is certainly entitled to treatment as equitable as accorded by the Supreme Court in the above cases. There should be no arbitrary numerical limit to the number of real improvements which can be made in the art. No one can contend today that inventive genius is exhausted and that no further advances can be made.

On page 38 of Plaintiff's brief it was pointed out that Gaubert's invention supplied a long felt need in the food industry, and that this need had not been fulfilled by all of the paper bag machines previously de-



veloped in the art. Defendants submitted no evidence to controvert these facts, nor has the sufficiency of Plaintiff's evidence on this point been rebutted or even questioned.

Our patent laws were designed to encourage the making of improvements in arts which may seem to be stagnant. It is fully as important to make new and improved machines in old fields as to pioneer a new industrial field.

---

#### **PRIOR ART—THE HOTCHKISS PATENT.**

On page 9 of their brief, Defendants analyze the Hotchkiss patent and purport to find "all of the essential elements of the Gaubert patent, except for the heat sealing". This statement is surprising when it is considered that at the trial Defendants presented no evidence whatsoever with respect to the disclosure of Hotchkiss patent.

Defendants also purport to find in the Hotchkiss patent a retractable fold line retaining member, in spite of the fact that this contention is flatly contradictory to the evidence of Defendants' expert, Charles F. Schultz (Tr. p. 298). Schultz professed that he had the qualifications of an expert, and that he was familiar with all of the prior art patents relied upon (Tr. p. 266). With these qualifications he testified about the fold line retaining means as quoted on page 26 of Plaintiff's Opening Brief.

Therefore, at the time of trial it was the opinion of Charles F. Schultz that the prior art failed to show

“a fold line retaining means in conjunction with a mandrel in a machine for making bags”. If Defendants’ expert at the time of trial was unable to find this disclosure in the Hotchkiss patent, how can this Court at the present time be expected to find this structure in Hotchkiss? Actually the Hotchkiss patent totally fails to show anything equivalent or similar to Gaubert’s retractable fold line retaining means. Hotchkiss folds his paper about box-like forms J, shown in his Figure 1 (Tr. p. 438). There are two of these forms, so that two bags are formed simultaneously. The paper is first wrapped around the sides of these forms and then projecting end portions of the paper are interfolded, the same as one would place a paper wrapper about a box and then interfold the end of the wrapper. This forms a square bag with an interfolded bottom.

Defendants call particular attention to the members m’ shown in Figure 2 (Tr. p. 440), which are used to carry out part of the end folding operation. Hotchkiss simply points out that these end folding members remain in place until the final end folds are made, and are then automatically withdrawn (Tr. p. 450, col. 2, lines 45-50).

The Gaubert machine is totally different from Hotchkiss. In the first place, Gaubert is dealing with a machine having a flat mandrel about which the cellophane is folded to make a flat bag (Tr. p. 134). Gaubert’s fold line retaining means is a separate mechanism which works in conjunction with means for folding over the side margins of the sheet of material

over the mandrel, and means for folding the projecting end margin of the sheet over the end of the mandrel to form the bottom of the bag (Tr. p. 334, col. 2, line 75 to p. 335 col. 1, line 28).

Defendants contend that in Hotchkiss the member which holds down a fold must be construed to be a retractable fold line retaining means. No reason is seen why such a presumption should be made, particularly because the evidence is to the contrary. Actually any layman will appreciate that a fold can be held down generally, without specifically establishing and retaining a definite fold line for a successive folding operation.

Charles F. Schultz himself admitted that if the special fold line retaining bar on his machine were taken off, the machine would not operate satisfactorily, but would be subject to wrinkling of the sheet (Tr. p. 298), in spite of the fact that his machine is provided with means for holding down the side folds. Thus the disclosure of Hotchkiss would not have been helpful to Defendants.

Defendants admit that Hotchkiss does not show heat sealing means in conjunction with the other elements, although it is inferred that the heat sealing means might be readily incorporated (Defendants' Brief p. 10). Here, again, there is no testimony of record with respect to the way in which one might re-build the Hotchkiss machine to incorporate heat sealing means, and particularly the use of a T-shaped heater. The only presumption actually warranted in this connection is that a complete re-organization and re-building

of the Hotchkiss machine would be necessary to incorporate heat sealing and to make flat bags, and such re-building would be entirely beyond the skill of an ordinary mechanic.

---

### **PRIOR ART—BEYER PATENT.**

Beginning on page 10 of Defendants' brief this patent is analyzed, and the unwarranted conclusion drawn that operation of the machine is almost exactly the same as the Gaubert machine. Plaintiff, beginning with page 9 of his brief, under the title "The Prior Art Patents", points out the differences between the Gaubert patent and Beyer. Even Defendants must admit that the Beyer patent is useless for the manufacture of heat sealed cellophane bags. Defendants fail to properly rebut the distinctions over Beyer pointed out in Plaintiff's brief, and which are amply supported by the evidence of record (Plaintiff's Opening Brief pp. 9-12 inc.).

In outlining different elements shown by the Beyer patent, on page 10 of their brief, Defendants state that Beyer shows "pressure means for effecting this seal". As properly pointed out in Plaintiff's opening brief (p. 10), in Beyer pasting devices apply glue or paste to the edges of the sheet of paper, so that the overlapping edges are caused to adhere together after the folding operation. No separate device is incorporated in the machine for applying pressure, except that when the folding devices are operated, the overlapping edges may be retained in engagement to cause the paste or glue to properly adhere.

Beyer's machine does not operate "exactly the same as the operation of the Gaubert machine", because as properly pointed out in Plaintiff's opening brief (p. 11), it cannot be used to fold a sheet of paper which does not have cutaway corners to provide an end tab, there is no heat sealing operation nor means to perform such an operation, there is no retractable fold line retaining means in addition to the folding devices, and the machine is incapable of producing a heat sealed cellophane bag corresponding to the bags produced upon both Plaintiff's and Defendants' machines.

---

#### **PRIOR ART—HUNT PATENT.**

Beginning near the bottom of page 11, Defendants in their brief discuss the Hunt patent, and conclude that it shows Gaubert's process of heat sealing. This patent was discussed commencing at the bottom of page 12 of Plaintiff's brief. Plaintiff pointed out that in the Hunt patent wax paper is wrapped around a block of wood, instead of a flat plate, and that an L-shaped heater is used to seal both the bottom folds and the longitudinal side seams. Defendants mention (p. 12) that Figure 6 of Hunt "even shows the T shape exclusively dwelled upon in the Gaubert patent". As properly pointed out by Plaintiff's expert (Tr. p. 246), (and not controverted by Defendants), Figure 6 shows simply a back face of the heater which actually was not used by Hunt. Hunt used the two inner faces which are at right angles to each other, and which are intended to engage the interfolded bottom and the side of the bag.



Defendants have not contested the distinction over Hunt pointed out on pages 15 and 16 of Plaintiff's opening brief, where it is explained that Hunt's procedure is not capable of producing a bag from moistureproof cellophane without impairing the important moistureproof properties of the finished product.

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#### **THE PRIOR ART—HESSER PATENT.**

Under this heading on page 12 of their brief, Defendants interpret the Hesser patent in substantially the same manner as Hotchkiss. Here, again, it is contended that Hesser shows "retractable fold line retaining means" constituting the "full equivalent of the Gaubert fold line retaining members 62a and 62b". Here, again, Defendants are departing from the record of this case, and they propose to contradict the testimony of Charles F. Schultz (Tr. p. 298).

Obviously Defendants must be bound by their testimony. Hesser (Tr. p. 472, p. 479, line 105), the same as Hotchkiss, merely provides inner folders 101 which hold the initial fold until the second fold is made upon the bottom of a square bag. Furthermore, Hesser, the same as Hotchkiss, does not incorporate retractable fold line retaining means as a separate mechanism operating in conjunction with side folding means and end folding means.



**THE PRIOR ART—JOHNSON PATENT.**

This patent is considered on page 13 of Defendants' brief, and was considered on page 18 of Plaintiff's brief. It shows no parts of a machine, except a block about which the paper is folded, and a table having a recess or slot to receive the block. Johnson (Tr. p. 485) forms a square bag, and the sides are interfolded to form two longitudinal seams which are then pasted or glued together. There is not even a superficial similarity to Plaintiff's machine and method.

---

**THE PRIOR ART—CORSE PATENT.**

This patent is considered on page 14 of Defendants' brief and was described near the bottom of page 18 of Plaintiff's opening brief. Briefly, Corse (Tr. p. 491) does not show either Gaubert's method of folding or heat sealing. The material is folded to form a square bag, with an interfolded bottom. Sealing is carried out in two operations using two separate heaters, one being for the longitudinal seam, and the other for the sealing operation. In general, the patent is quite similar to Hunt.

---

**THE PRIOR ART—BECKER PATENT.**

The Becker patent (Tr. p. 495) referred to near the bottom of page 14 of Defendants' brief, is considered on pages 16 and 17 of Plaintiff's opening brief. Defendants appear to agree that Becker's method and machine are quite different from Gaubert's machine.

However, Defendants erroneously state (p. 15) that the bags made by the Becker machine are substantially similar to bags made by the Gaubert machine. The record shows that heat sealing of the bottoms of the bags according to Becker fuses together all of the layers of the cellophane (Tr. p. 496, lines 14-23). Therefore, when the Becker bag is filled, there is a closed tab at the lower end of the bag where all of the layers of the cellophane have been heat sealed together (Tr. p. 254-255). No such heat fused tab is present in the bags made by the Gaubert machine, nor with Defendants' machine (Exhibits 8 and 15).

Defendants also fail to point out that the tubular material used in the Becker patent is material which has been previously formed into a flat tube and glued along its longitudinal seam. Thus, Becker uses part glueing and part heat sealing (Tr. p. 253, 495).

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**VALIDITY OF SPECIFIC CLAIMS IN SUIT**  
**CLAIM 2.**

Commencing on page 15 of Defendants' brief, claim 2 is considered in detail, and Defendants contend that this claim is anticipated particularly by the Beyer patent. Plaintiff's opening brief (pp. 21-23) dealt specifically with claim 2 (grouped with claims 5, 18 and 19) and pointed out lack of anticipation.

Defendants argue that because it is possible to find side and end folding elements in Beyer, together with a plate-like mandrel over which paper is folded, Gaubert's contribution to the prior art as defined by claim

2 is merely a heat sealer. Arguments of this character totally ignore the fact that when Gaubert incorporated heat sealing means together with the other elements of the machine, as defined by claim 2, a new machine or working combination of mechanical parts was formed. It is this new working combination which constitutes the subject matter defined by claim 2, and not simply the heater itself. The two pasting devices J of Beyer are not mechanically equivalent to a heat sealing heater because these devices do not perform substantially the same function in substantially the same way (Walker on Patents, Deller's Edition, p. 1703). A heat sealer works by applying heat and pressure after folding. Beyer's two pasting devices operate by applying glue or paste to the edges of the sheet of paper before the paper is folded.

It is unfair to make a nebulous general comparison between heat sealing and glueing, simply because they both form a seam. We are not dealing here with equivalency of general results, but we are concerned with mechanical equivalency with respect to devices for performing certain functions.

On page 20 Defendants' brief alleges that claim 2 is invalid because of the doctrine of the *Supreme Court in Bassick Manufacturing Co. v. Hollingshead*, 298 U.S. 415. In substance their argument is that because several of the elements recited in claim 2 are found in the Beyer patent, the claim endeavors to repatent the Beyer machine.

Defendants' argument based upon the Bassick decision is clearly in error. Actually that case involved

a question of contributory infringement. The patent claim defined apparatus including a high pressure grease gun and an improved special type of coupler adapted to seal upon the so-called "alemite" fitting (which was separately patented). The Supreme Court held that it was not contributory infringement of the patent claims to manufacture a fitting which could be used with the patentee's patented coupler, or to manufacture a grease gun and coupler which did not specifically infringe the patentee's coupler claims, but which could be used with the Plaintiff's patented fitting. No patent claims were held to be invalid.

In the present case there is no issue with respect to contributory infringement. The Defendants are here charged with direct infringement by the manufacture, use and sale of the complete machine (Tr. p. 3).

As previously stated, claim 2 specifies a combination consisting of several mechanical elements. The mere fact that some of these elements can be found in prior art patents, such as Beyer, is of no moment, because it is generally presumed that individual elements of a patented combination may be old by themselves. This was true, for example, of the patent claims considered by the Supreme Court in *Continental Paper Bag Company v. Eastern Paper Bag Company*, 210 U.S. 405.

(See claims in footnote, 210 U.S. 417.)

Out of the patented combination, the Court found that the inventor had contributed a new feature which it described as follows:

“ ‘The pith of the invention’, the Circuit Court said, ‘is the combination of the rotary cylinder with means of operating the forming plate in connection therewith, limited, however, to means which cause the plate to oscillate about its rear edge.’ ”

---

### THE CLAIMS IN SUIT—CLAIM 3.

Beginning on page 21, Defendants analyze claim 3 of the Gaubert patent, and argue that the subject matter of this claim is anticipated by Beyer, Hotchkiss and Hesser, and that the addition of retractable fold line retaining means to the machine of Beyer would not amount to invention.

Plaintiff’s opening brief (pp. 24 bottom of page through 28) adequately considered this claim and explained its novelty and utility. Particularly, it was pointed out that the combination included a novel element “retractable fold line retaining means adapted to be interposed within the last mentioned fold”, and that the novelty and utility of this element had been specifically admitted by the Defendants’ expert Charles F. Schultz.

Here, again, the elements of claim 3 must be considered as forming a distinct entity when taken in combination, namely a complete working organization of elements constituting a new machine.

As pointed out on page 4 of this brief, Defendants now blandly contend that Hotchkiss and Hesser show fold line retaining means, in direct contradiction to the testimony of Charles F. Schultz.



The mental processes of Defendants in making such contradictory contentions are not difficult to understand. It must be assumed that Charles F. Schultz testified to the best of his ability at the time of trial, and at that time he honestly believed that Hotchkiss and Hesser did not disclose retractable fold line retaining means, even though he had given these patents careful study. After considering Plaintiff's opening brief, the weakness of their position because of their appropriation of this feature, became apparent. Therefore, they are now making a last minute effort to find additional things in the prior art, including particularly the retractable fold line retaining means.

It is elemental that before a particular mechanical combination can be said to be disclosed in the prior art, the disclosure must be apparent to one skilled in the art (Walker on Patents, Dellar's Edition, p. 270). Certainly Defendants cannot now contend that a hypothetical person skilled in the art would find more in Hotchkiss and Hesser than the Defendants' expert Charles F. Schultz at the time of trial, after careful study of these patents. What was not obvious to Mr. Schultz at that time would not be obvious to others, particularly in view of his admitted interest as a defendant.

On pages 4 and 9 of this brief, Plaintiff has explained that Hotchkiss and Hesser do not disclose anything more than the use of a retractable folding element which remains in place to hold down a fold, while successive folds are being made over the top of the first fold. This mechanism is used in machines for



making square bags with interfolded bottoms. Defendants' machine uses folding means to fold over the side and end margins of the material to form a flat bag on a flat plate-like mandrel, but this folding means is admittedly not sufficient to establish the necessary fold line for the bottom of the bag (Tr. p. 298), even though the side folds are retained in place during the making of the end fold. It is necessary to have an additional retractable fold line retaining means, as a separate element forming a part of the working organization (Tr. pp. 92, 93).

Page 22 of Defendants' brief, it is argued that the recitation of fold line retaining means in claim 3 is sufficiently broad to cover even a ruler operated manually, and that recitation of this element is not such as to form anything else than an aggregation. The decision of *Powers-Kennedy Corp. v. Concrete M. S. C. Co.*, 282 U.S. 175, obviously does not support such an argument. In that instance the apparatus for conveying concrete was substantially old in the art, except that in the prior art it was used to transport material other than concrete. The Court held that such a new application would not support valid patent claims.

To repeat, claim 3 must be considered as an organization of mechanical elements, forming a working combination new in the art. Also note that this claim is quite similar to the claims before the Supreme Court in *Continental Paper Bag Company v. Eastern Paper Bag Company*, 210 U.S. 405, which were held to be valid and infringed. In that instance the Court

properly pointed out that the claims were not merely drawn to a function (p. 422):

“The distinction between a practically operative mechanism and its function is said to be difficult to define. Robinson on Patents, § 144, et seq. It becomes more difficult when a definition is attempted of a function of an element of a combination which are the means by which other elements are connected and by which they coact and make complete and efficient the invention. But abstractions need not engage us. The claim is not for a function, but for mechanical means to bring into working relation the folding plate and the cylinder. This relation is the very essence of the invention, and marks the advance upon the prior art. It is the thing that never had been done before, and both the lower courts found that the machines of the Continental Company were infringements of it.”

Near the bottom of page 23, Defendants propose to add the folders 101 of Hesser to the Beyer machine. There is no evidence whatsoever to the effect that such an alteration is possible without invention. It should be evident to a layman that a folder taken from a machine intended to manufacture square bags with interfolded bottoms could not be introduced into a machine intended to make a flat bag about a flat plate or mandrel, without building an entirely new machine. This would be the function of an inventor, rather than a mechanic.

On pages 24 and 25 of their brief, Defendants argue that claim 3 is invalid because its only distinctive feature is expressed in broad language. In this connec-

tion they cite *Davis Sewing Machine Co. v. New Departure Mfg. Co.*, 217 Fed. 775 (C.C.A. 6, 1914). In that instance the Court was distinguishing the character of the claims under consideration, from certain prior decisions, particularly *Westinghouse v. Boyden*, 170 U.S. 537. The Court first pointed out that in the *Westinghouse* case the claim merely covered an abstract idea, whereas the real invention was a particular type of auxiliary valve used in conjunction with other parts.

Immediately following the quotation cited by Appellees on pages 24 and 25 of their brief, the Court continued its comments with respect to the patent claims, as follows (p. 782):

“\* \* \* But where used with reference to the make-up of the field in which the real invention finds its usefulness or with reference to the connecting parts which permit the salient novelty of the invention to accomplish its function, these words are only a convenient formula of the broadest equivalency of which the real invention permits. Their use amounts to a statement by the inventor that, as to this element, the claim is not confined to the form shown, nor to any close imitation of that form, but extends as broadly as is consistent with the extent of his inventive step to all forms accomplishing that part of the ultimate, composite result, and, of course, does not, of itself, prevent the court (where the state of the record requires) from interpreting the claim as limited to a more or less close approximation to the ‘means’ described in the specification.”

The claims considered by the Court in the *Davis Sewing Machine Co.* case were held valid and in-

fringed. They covered the so-called "Townsend's Coaster Brake" which was an improved coaster brake over prior devices. The Court found that the real novelty of the patent claim was "in his creation of this connector, movable to the right and left inside the hub, clutching the hub at one end of its travel, at the other end of such motion clutching the brake mechanism, and, in its intermediate position, clutching neither". One of these claims of this patent read as follows:

"19. In a bicycle, the combination with a wheel hub and axle, of a brake mechanism, a driver for the hub and brake mechanism, a rotatable sleeve connected with the driver and mounted upon the axle within the hub, a laterally shiftable, rotatable sleeve mounted upon the sleeve of the driver and having tapered portions, a complementary spiral connection between said sleeves, and tapered clutch elements carried by the hub and brake mechanism with which the tapered portions of the shiftable sleeve may engage, substantially as described."

In general, the type of the above claim is substantially the same as the claims of the patent now in suit (Tr. pp. 336 to 338).

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#### **SPECIFIC CLAIMS—CLAIM 5.**

Beginning at the middle of page 25, Defendants discuss claim 5. This claim is grouped with claim 2 in Plaintiff's opening brief (see page 21). Therefore, the same argument applies as set forth on pages 11 to 14 inclusive of this brief.

**SPECIFIC CLAIMS—CLAIM 8.**

Commencing on page 26 of Defendants' brief, they treat claim 8, and simply state that this claim is similar to claim 2, and that the end folding member defined by this claim is similar to that of Beyer.

Appellant's opening brief deals with claim 8 beginning near the middle of page 28.

In contending that Gaubert's end folding device has an action similar to the folding plate L of Beyer, the Defendants are again arguing contrary to the evidence in this case. As pointed out in Plaintiff's opening brief (pp. 29-30), the plate L of Beyer which performs the end folding operation simply slides in a straight line over the end of the mandrel or plate B.

On pages 29 and 30 of Plaintiff's opening brief, it is carefully pointed out that the folding or gripping bar 74 shown in Figure 9 of the Gaubert patent, and in detail in Figure 4 (Tr. pp. 320, 322) has an action quite different from the sliding plate of Beyer. The Gaubert end folding bar moves upwardly and over the forward edge of the mandrel, after which it is moved downwardly toward the mandrel in order to complete the fold. Plaintiff's brief also points out advantages to this arrangement (pp. 29 and 30).

An examination of Plaintiff's Exhibit 20 (Tr. p. 363) will give a better understanding of this action, as incorporated in the Defendants' machine. Note that the folding member D, to carry out an end folding operation, moves upwardly, then over the forward end edge of the mandrel, and then downwardly



to complete the fold. This exhibit put in evidence to illustrate the testimony of Plaintiff's Expert, Mr. Kercher (Tr. p. 245), was not controverted or rebutted by Defendants. Certainly mechanism of this type is entirely different from the sliding folding plate of Beyer, and no evidence supports Defendants' contention that it is anticipated by Beyer.

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#### **SPECIFIC CLAIMS—CLAIM 14.**

Commencing on page 26 of Defendants' brief, claim 14 is considered in detail, and it is argued that the claim is unpatentable over the prior art, and is valid as being for the mere function of a machine.

Appellant adequately dealt with claim 14 commencing on page 31 of his opening brief. Even assuming for the sake of argument that heat sealing is a substitute for glueing or pasting to form a seam, the prior art does not teach a definite method for applying heat sealing in the manufacture of a flat bag, as defined by claim 14. As Plaintiff pointed out in his opening brief, the method of claim 14 avoids heating of single thickness of moistureproof cellophane, such as would destroy the desired moistureproof properties of the finished bag (Tr. p. 310). Likewise it has been pointed out that the finished bag resulting from the method of claim 14 is not the bag of Beyer, even though Beyer should attempt heat sealing, because if the Beyer machine is workable at all, it must be used on a sheet of material having cutaway corners with only a tab for forming the bottom of the bag (Tr. p. 269).



Defendants' attack upon method claim 14 to the effect that it merely describes the function of the machine and is therefore unpatentable, is contrary to well settled law. In fact, this view is controverted by the case cited with approval by Defendants, namely *Expanded Metal Company v. Bradford*, 214 U.S. 366. In that instance the Court sustained as valid a method claim to the procedure employed in the manufacture of so-called "expanded metal". Speaking of the general patentability of such methods, the Court stated as follows (p. 385):

"We therefore reach the conclusion that an invention or discovery of a process or method involving mechanical operations, and producing a new and useful result, may be within the protection of the Federal statute, and entitle the inventor to a patent for his discovery."

The same Court (p. 383) quoted with approval from Robinson on Patents, Vol. 1, Article 167:

"That a process may be patentable, irrespective of the particular form of the instrumentalities used, cannot be disputed. . . . Either may be pointed out; but if the patent is not confined to that particular tool or machine, the use of the others would be an infringement, the general process being the same."

The record shows that the combination of steps defined by claim 14 is not limited to a particular machine. Plaintiff's expert Mr. Kercher pointed out that the steps of claim 14 can be carried out by hand as well as the particular machine shown in the Gaubert patent. Mr. Gaubert also demonstrated how he could

make bags from his manually operated model plaintiff's Exhibit 3 (Tr. p. 90). The fact that the claim calls for a mandrel in carrying out the method is of no moment, because the mandrel is only a simple instrumentality and not a complete working machine.

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#### **SPECIFIC CLAIMS—CLAIM 18.**

On pages 28 and 29 of Defendants' brief, claim 18 is separately treated. Plaintiff's opening brief deals with this claim on page 23. Defendants do not answer Plaintiff's arguments with respect to this claim, other than to repeat their contentions previously made in connection with claim 2.

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#### **SPECIFIC CLAIMS—CLAIM 19.**

Defendants consider this claim separately on page 29 of their brief. Plaintiff dealt with this claim in conjunction with claims 2, 5, and 18, commencing on page 21 of their opening brief. Therefore, further comments are unnecessary.

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#### **INFRINGEMENT.**

Under the heading of "Infringement in General", Plaintiff's opening brief (p. 43) points out that the findings and conclusions of law make no statement concerning infringement.

The trial Court was undoubtedly convinced that Plaintiff had sustained the burden of showing in-

fringement. This is strongly indicated by the fact that customary procedure was not followed in submitting briefs before the lower Court. Instead of requiring Plaintiff to submit an opening brief, with the privilege of filing a closing brief after Defendants' reply, Defendants were required to file both opening and closing briefs (Tr. p. 314).

In addition to the above, the lower Court ordered each party to pay its own costs, thus indicating that Plaintiff would have prevailed except for the Court's attitude in refusing to accept validity of the patent grant.

On page 30, Defendants' brief argues lack of infringement by contending that Plaintiff's exhibits 4 and 6 are not fairly representative of the Gaubert patented machine. This contention is without merit. Gaubert testified that his Exhibit 4 contained certain additions not described in the patent in suit, particularly the attachment for mounting a roll of cellophane, and for cutting off sheets of cellophane to be made into separate bags (Tr. pp. 71-4). He pointed out that otherwise the machine was substantially the same as the machine shown in the patent in suit. No charge of lack of utility can be made for the machine without such attachments, particularly when Defendants Charles and Ira Schultz admit commercial use of such a machine in their establishment (Tr. p. 113).

As clearly pointed out to the Court, Exhibit 6 was offered in evidence in order to complete a showing with respect to the commercial activities of Plaintiff under the Gaubert patent (Tr. p. 80). Plaintiff's expert Mr. Kercher pointed out that Exhibit 6 embodies

the invention of the patent in suit (Tr. p. 187). This was not specifically rebutted by Defendants.

On page 32 of Defendants' brief, the inference is made that Plaintiff's Exhibit 6 was copied or patterned after the Defendants' machine. It will be presently pointed out that there is no substantiation of this charge.

On pages 32 and 33 of Defendants' brief, it is argued that Defendants' machine is more similar to the Beyer patent than to the Gaubert machine, and that the Schultz machine is a different organization than the machine of the patent in suit. This argument is based primarily upon the fact that the machine shown in the patent in suit operates upon separate sheets of material introduced manually into the machine, while the Defendants' machine works upon a continuous sheet of material withdrawn from a roll and is fully automatic. Plaintiff freely admits such differences between the machines, but submits that all of these differences are clearly embraced within the clear scope of the patent claims.

Defendants infer that they have originated the idea of an automatic feed from a continuous roll of material over a rear extension of the mandrel. This is contrary to the record. Actually Plaintiff's expert, Mr. Kercher, pointed out that use of such a continuous feeding from a roll of material was old in the prior art (Tr. pp. 255-256).

The differences between Defendants' machine and the patent in suit outlined on page 34 of Defendants' brief are dealt with in Plaintiff's opening brief, with

the possible exception of the statement that in the Defendants' machine there is no "end folding over the end edge of the mandrel". This contention is totally contrary to the evidence of record. Plaintiff's Exhibit 20 (Tr. p. 363) which shows Defendants' end folding mechanism and indicates its mode of operation, makes clear that the end fold is over the end edge of the mandrel. The accuracy of this drawing was not questioned by Defendants. Certainly Defendants cannot argue that simply because the fold line retaining bar F of Plaintiff's Exhibit 20 at one limit of its movement has one edge extending slightly beyond the near edge of the mandrel, the fold is not over the end edge of the mandrel. This is mere quibbling without a real difference.

Regarding movement of the mandrel referred to on page 34 of Defendants' brief, note that this feature of Defendants' machine was clearly established by the evidence. Initially Defendants' expert, Charles F. Schultz, when called for cross examination, testified that the mandrel on his machine did not move during operation of the machine (Tr. pp. 122-3). This was controverted by the testimony of Mr. Kercher, and the correctness of Mr. Kercher's testimony was demonstrated to the Court by slow motion moving pictures (Tr. pp. 187-190). The Court expressed itself as being satisfied with this demonstration (Tr. p. 190). In both instances the mandrel moves in order to free the underlying sheet of cellophane, so that this cellophane can be moved with respect to the machine.

Beginning on page 35, Defendants argue that the claims in suit do not read upon their machine. First



they contend that all of the claims, excepting claim 18, call for side and end folding "over the mandrel", and that this language confines the claims to a side folding over the same part of the mandrel upon which the heater is subsequently pressed. Clearly this is simply quibbling as to terminology. In the Defendants' machine, the folding is over a rear part or extension of the mandrel (Tr. p. 141). The claims are concerned with the inclusion of means capable of carrying out folding of the side margins of the sheet through 180°, to a position on top of the flat mandrel, in preparation for the end folding and heat sealing operations. This is all pointed out by the testimony of Plaintiff's expert, Mr. Kercher, who also points out equivalency with respect to the side folding means (Tr. pp. 176-177).

In addition, beginning with page 35, Defendants again argue that their machine does not provide an end fold "over the end edge of the mandrel". In this connection attention is directed again to Plaintiff's Exhibit 20, which shows how their machine folds over the end of the mandrel.

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#### **GENERAL EQUIVALENCY OF THE PATENTED MACHINE AND THE DEFENDANTS' MACHINE.**

Beginning on page 39, Defendants' brief argues that irrespective of the terminology of the claims, Defendants' machine is substantially different in many respects from the machine of the Gaubert patent, and that for this reason infringement cannot be made out.



What Defendants have totally ignored is that the claims of the patent in suit are clear and unambiguous and are in broad language. It has been repeatedly held by this Court that the claims of a patent serve to measure the patented invention (*Rhinehart's, Inc. v. Caterpillar Tractor Co.*, 85 Fed. (2d) 628 (CCA 9, 1936) at page 635).

When a defendant argues for lack of infringement, because of differences between his machine and the machine of the patent, in the face of clear and unambiguous claims which read upon his structure, it is certainly incumbent upon him to show that his interpretation of the claims is either warranted by the history of the patent during its prosecution before the Patent Office, or is necessary to save the claims from invalidity because of the state of the prior art. Defendants have made no effort to show that Plaintiff's interpretation of the claims in suit is inconsistent with the history of the patent in the Patent Office, as shown by the complete file wrapper of record.

If Defendants are proposing to have this Court limit the scope of the claims in view of the prior art, in order to save them from invalidity, then Defendants should be able to show that they are using the teachings of the prior art, rather than the teachings of the patent in suit. Since Defendants cannot so justify their acts, their arguments amount simply to a general attempt to discredit and belittle the subject matter for which the patent was admittedly granted by the Patent Office.

The full automatic feature of Defendants' machine as stressed on pages 39 and 40 of their brief cannot avoid infringement. In this connection note that not a single claim of the patent in suit is limited to manual insertion of the material or manual removal of the finished bag. The machine shown and described in the patent is to be taken as illustrating one embodiment of the invention by means of which the invention can be practiced. At that time Gaubert preferred a semi-automatic cycle of operation, which necessarily involved some labor. However, the invention is clearly broader than this specific form.

On page 51 of Plaintiff's opening brief, reference was made to *Lakewood Engineering Co. v. Walker*, 23 Fed. (2d) 623 (CCA 6, 1928) and *Columbia Wire Co. v. Kokomo Steel & Wire Co.*, 143 Fed. 116, 123 (CCA 7, 1905), as good authority for Plaintiff's contention that infringement is not escaped by making the functions of a machine automatic. It is worth noting that Defendants have cited no authorities contrary to the Lakewood and Columbia Wire Co. cases, and therefore the doctrine of these cases should be accepted as good law.

In discussing the law as to equivalency on page 41 of their brief, Defendants infer that to be a pioneer invention, one must be the first in his field, and that only pioneer inventions are entitled to a range of equivalency. This is not the law. The Supreme Court has repeatedly stated that an inventor need not be a pioneer in order to be accorded a reasonable range of equivalents (*Bundy Mfg. Co. v. Detroit Times Reg-*

*ister Co.*, 94 Fed. 524, CCA 6, *Eibel Process Co. v. Minn. and Ontario Paper Co.*, 261 U.S. 45). It is true that the range of equivalents may be broadened in accordance with the pioneer character of the invention, as for example to ignore specific limitations recited in the claims of a patent.

In the present instance there are no limitations expressed in the claims which need be ignored by the Court. While Gaubert was not the first in the field of bag making machines, he was a pioneer with respect to machines of a certain type, namely machines suitable for the food industry, so that the food industry might successfully make their own bag requirements from moistureproof cellophane. This is pointed out in detail in Plaintiff's opening brief, under the heading of "Other Facts Pertinent to Validity", and "History of Development by Gaubert, Commercial Success, Supplying of Need" (pp. 37 to 48, incl.).

Even Defendants paid tribute to Plaintiff's pioneering by purchasing and using two of Gaubert's machines in their establishment, and in endorsing these machines as highly satisfactory in a letter of recommendation (Ex. 5, Tr. p. 337).

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#### **ALLEGED CONTRIBUTION MADE BY DEFENDANTS.**

Defendants' comments under this heading on page 44 of their brief are clearly unwarranted as previously pointed out. There is no evidence with respect to any contribution to the art made by Defendants. Gaubert testified that a full automatic cellophane bag machine

(Wrap-Aid machine) appeared on the market in 1936 (Tr. pp. 100, 101) which was after Gaubert's invention but before Defendants' machine. Documentary evidence on this point was objected to by Defendants as being immaterial to the issue of infringement (Tr. pp. 101, 102). Plaintiff's expert, Mr. Kercher, testified (Tr. pp. 255, 256) that it was not new in the art to provide a roll from which a sheet of material is continuously fed for the making of bags, with continual folding of the material.

In addition to the above, the mere incorporation of improved features in a machine does not avoid infringement, and is immaterial in determining infringement of patent claims.

*Walker on Patents*, Deller's Edition, p. 1693:

"Addition to a patented machine or manufacture does not enable him who makes, uses, or sells the patented thing with the addition, to avoid a charge of infringement (citing cases)."

Beginning on page 45 of their brief, Defendants call attention to alleged lack of interchangeability of parts, as evidence of lack of infringement. In the application of this test, it is not fair to simply take a mechanism in its specific form as embodied in the machine of the patent, and attempt to physically fit it into the Defendants' machine to take the place of a corresponding part. It is well known that parts of modern day machines are not freely interchangeable. For example, the crank shaft of a Ford automobile cannot be used in an automobile of another make, al-

though the function is the same. Interchangeability must, therefore, be considered in a general sense, with primary regard to the functions of the elements which one proposes to exchange. Mr. Kercher in his testimony pointed out such general interchangeability with respect to the side folding means, the end folding means, the fold line retaining means, the mandrel, and the heat sealing heater (Tr. pp. 136 to 150).

On page 47 of their brief, Defendants make the statement that the heaters are not interchangeable, because the Gaubert heater does not have a gap to accommodate the Schultz fold line retaining member. However, the record clearly shows that the Schultz heater, with this gap, can be used upon Plaintiff's Exhibit 4, with cycling of the machine upon two sheets of material (Tr. pp. 304-305).

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**DEFENDANTS' PENDING APPLICATION IS NOT  
MATERIAL TO THE ISSUE OF INFRINGEMENT.**

Commencing on page 47 of their brief, Defendants call attention to their pending patent application Defendants' Exhibit I (Tr. p. 531), and they argue that this raises a presumption of non-infringement.

A careful analysis of the cases cited by the Defendants will reveal that these cases were decided primarily upon showings in the prior art. The weight of authority is that whether or not a defendant manufactures under a later issued patent (or allowed claims) is not material to the issue of infringement.



The case of *Kokomo Fence Machine Company v. Kistelman*, 189 U.S. 8, does not apply to the facts of this case, because the Court in that instance properly based its conclusions primarily upon the fact that there was little, if any, novelty over the prior art. Also, that during prosecution of the patent in the Patent Office, broad claims were presented which were rejected by the Patent Office, and subsequently cancelled from the application. These were the controlling facts for the Court's decision.

The case of *Dalton Machine Co. v. Rockford Milling Machine Co. et al.*, 253 Fed. 187, likewise does not apply. The primary basis for the Court's decision was the closeness of the prior art disclosures. This decision was affirmed on appeal (267 Fed. 422, CCA 7, 1920), and the Circuit Court's decision was based solely upon the prior art, with no mention being made of the presumption referred to by the lower Court.

The case of *Gerrity et al. v. Dallas Foundry*, 4 Fed. (2d) 655, likewise does not apply. Here, again, the primary basis of the decision was the state of the prior art and the cancellation of broad claims in the Patent Office during prosecution of the patent in suit. The claim of the patent in this instance was so detailed as to call for a diametrical rib attached to the under side of a feeder box lid.

The cited case of *Edwards v. Johnston Formation Testing Corp., et al.*, 44 Fed. (2d) 607, is a District Court case, Southern District of Texas, Houston Division. Here, again, the controlling basis of the deci-

sion was the state of the prior art and the fact that the invention disclosed little, if anything, of novelty over the prior art.

Note that the Schultz application is not an issued patent, and that the allowance of claims in a patent application is not equivalent to the granting of claims. The allowance of a claim in an application can be revoked at any time. It is subject to priority (interference) contests within the Patent Office where two or more parties claim the same invention.

The weight of authority is that whether or not a defendant manufactures under a later issued patent (or allowed claims) is not material to the issue of infringement.

*Bake-Rite Mfg. Co. v. Tomlinson et al.*, 16 Fed. (2d) 556 (CCA 9), 1926 (p. 559);

*Jonas et al. v. Roberti et al.*, 7 Fed. (2d) 563 (CCA 9, 1925) (p. 564);

*Walker on Patents*, Deller's Edition, Volume Three, p. 1758;

*Sanitary Refrigerator Company v. Winters*, 280 U.S. 30 (1929), p. 43.

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#### ADDITIONAL CONSIDERATIONS ON THE QUESTION OF INFRINGEMENT.

Considering generally the differences between the machine of the Gaubert patent and Defendants' Exhibit A, aside from the fact that one is automatic and the other is semi-automatic, there are certain admitted

differences in timing and cycling. For example, the side fold on the Defendants' machine is commenced on the rear mandrel extension, and completed as the cellophane is drawn underneath the region of the sealing heater. When the heater moves downwardly, it simultaneously performs an end and a longitudinal sealing operation, but a part of the longitudinal sealing operation may be on a piece of material which forms a part of the next bag. The same cycling can be carried out with the machine of the Gaubert patent, as actually demonstrated to the Court by Mr. Gaubert on Plaintiff's Exhibit 4 (Tr. pp. 304-5). Differences of this character are variations within the scope of the patent claims, and do not depart from primary invention.

With respect to method claim 14, a variation in the sequence of steps of a method does not avoid infringement of a patent.

*Walker on Patents*, Deller's Edition, Volume Three, p. 1737:

“\* \* \* Neither is infringement avoided by merely reversing the steps in the process, when the same result is accomplished in substantially the same way (*Burdon Wire & Supply Co. v. Williams*, 128 Fed. 927 (1904); *Wolff et al. v. E. I. Du Pont de Nemours & Co.*, 134 Fed. 862, C.C.A. 3; *Malignani v. Germania Electric Lamp Co.* (Citing numerous cases), 169 Fed. 299 (1909); *General Electric Co. v. Hill-Wright Electric Co.*, 174 Fed. 996, 999, C.C.A. 2; *Malignani v. Hill-Wright Electric Co.*, 177 Fed. 430 (1910); *Chadeloid Chemical Co. v. F. W. Thurston Co.*, 220 Fed. 685 (1915).”

*Matrix Contrast Corporation v. Kellar*, 34 Fed. (2d) 510 (CD NY) 1929.

“The variation of the order of steps does not avoid infringement (Citing cases).”

*Los Angeles Lime Co. et al. v. Nye*, 270 Fed. 155 (CCA 9, 1921), p. 158.

“The view taken by the trial Court respecting the question of infringement as stated in the record was that any change in the order of the steps as designated in the patent operated an avoidance of infringement; but we do not so understand the law.”

The same doctrine applies to apparatus claims of a patent, where a defendant endeavors to avoid infringement by making modifications which change the location or sequence of operation of the elements.

*Los Angeles Lime Co. et al. v. Nye*, 270 Fed. 155 (CCA 9, 1921), at 160.

“Even in combination patent a change in the form or the location or sequence of the elements of the patent will not avoid infringement where they are all employed to perform the same functions, unless form, location, or sequence is essential to the result or to the novelty of the claim. *Adam v. Folger*, 120 Fed. 260, 56 C.C.A. 540. See, also, *Malignani v. Hill-Wright Electric Co.* (C.C.) 177 Fed. 430; *Rodman v. Deeds Commercial Laboratories* (C.C.A.) 261 Fed. 190, 191; *Pedersen v. Dundon*, 220 Fed. 309, 136 C.C.A. 143; *Bliss v. Spangler*, 217 Fed. 399, 132 C.C.A. 210; *Williams v. Kaufmann*, 259 Fed. 859, 170 C.C.A. 659.”

Concerning the fact that the Defendants' machine contains some elements, as for example the mounting of the roll of cellophane, which the machine of the Gaubert patent does not possess, note that the addition of elements to a patented combination does not avoid infringement.

*Walker on Patents*, Deller's Edition, Volume Three, p. 1693.

"Addition to a patented machine or manufacture does not enable him who makes, uses, or sells the patented thing with the addition, to avoid a charge of infringement. (*Western Electric Co. v. La Rue*, 139 U.S. 601 (1891); *Western Electric Co. v. Capital Tel. & Tel. Co.*, 86 Fed. 796 (1898); *Newton v. McGuire*, 97 Fed. 614 (1899); 1900 *Washer Co. v. Cramer*, 169 Fed. 629 (1909); *Stebler v. Riverside Heights Orange Growers' Assn.*, 205 Fed. 735, C.C.A. 9.)"

(p. 1694):

"\* \* \* This is true even where the added device facilitates the working of one of the parts of the patented combination, and thus makes the latter perform its function with more excellence and greater speed. *Cochrane v. Deener*, 94 U.S. 780 (1877); *Columbia Wire Co. v. Kokomo Steel & Wire Co.*, 143 Fed. 116 (1905);"



**THE PRIOR ART RELIED UPON BY THE DEFENDANTS  
SHOWS NEITHER ANTICIPATION NOR LACK OF  
INFRINGEMENT.**

In their conclusions appearing on pages 53 and 54 of Defendants' brief, they summarize their belittling attitude toward the invention in suit, and make reference to a considerable number of the prior art patents as showing various features of the patented device.

The claims of a patent cannot be anticipated and invalidated simply by finding at random in the prior art various features and elements which are incorporated in the patented structure. Obviously mechanical parts such as heaters, folding devices, forming mandrels, and the like can be found scattered through a wide variety of prior art disclosures. However, when an inventor assembles certain of these elements into a new working machine, capable of new and important results, a patentable invention is formed which cannot be invalidated simply by pointing to the possible origin of the separate elements. This is because the assembly of old elements forms a new machine of itself, or in other words, the combination assumes a separate entity. Walker on Patents, Deller's Edition, p. 215.

In his opening brief, Plaintiff referred to the difference between the creation of an invention such as forms the proper subject matter of a patent grant, and the field of mechanical or engineering skill, which is not subject to patent protection. Possibly a better understanding of this distinction can be had by considering how an inventor might proceed to develop a new invention, as distinguished from the work of a me-

chanic or engineer in refining a device. Generally an inventor first appreciates the need for a new machine or a device, and then sets about to devise a mechanism which will fulfill this need. If he knows of no prior machines of the general character which he has in mind, he first evolves a mental concept of certain elements working together which may be capable of solving the problem. Then he sets about to evolve mechanism in the form of a complete machine which will embody his concept and which will reduce the invention to practice. If he is aware of a prior machine which has attempted to solve the problem, but which has not been successful, or which has limited application, he may conceive of an improvement to the machine, and he then re-builds the previous machine to incorporate his improvement.

If an ordinary mechanic or engineer is requested to refine a machine to eliminate a defect, or to make the machine applicable for a modified purpose, he will simply seek to use his skill in bettering the design of various parts, without undertaking to develop a new machine.

The history of the Gaubert invention as set forth in Plaintiff's opening brief, pages 38 to 42, makes clear that Gaubert did not simply undertake the work of a mechanic or engineer. He understood the hard and unchartered course of an inventor. He created a new machine by exercise of creative efforts clearly beyond the skill of an ordinary mechanic or engineer. Having made such a creation, it is good public policy

to reward him with a limited patent monopoly for seventeen years.

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### CONCLUSION.

Plaintiff submits that Defendants' brief fails to justify the decision of the lower Court and fails in its effort to show lack of infringement.

Plaintiff accordingly again submits that the decision of the lower Court should be reversed, and that the lower Court should be directed to hold the patent claims in suit valid and infringed.

Dated, San Francisco,  
March 13, 1942.

Respectfully submitted,

PAUL D. FLEHR,

*Attorney for Appellant.*

JOHN F. SWAIN,  
*Of Counsel.*

No. 9871

IN THE

United States Circuit Court of Appeals

For the Ninth Circuit

SIMPLEX WRAPPING MACHINE Co.

(a corporation),

vs.

*Appellant,*

CHARLES F. SCHULTZ, IRA E. SCHULTZ,  
SCHULTZ FOOD COMPANY (a partner-  
ship), and GEORGE KOSTER, doing  
business under the fictitious name  
and style of Koster Candy Company,

*Appellees.*

Upon Appeal from the District Court of the United States for the  
Northern District of California, Southern Division.

APPELLANT'S PETITION FOR A REHEARING,

and

APPELLANT'S PETITION FOR LEAVE TO PRESENT TO THE  
TRIAL COURT A PETITION FOR A REHEARING.

PAUL D. FLEHR,

Crocker Building, San Francisco,

*Attorney for Appellant  
and Petitioner.*

JOHN F. SWAIN,

Crocker Building, San Francisco,

*Of Counsel.*

**FILED**

JUN 8 - 1942

PAUL P. O'BRIEN,

CLERK





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*Appellant,*

vs.

CHARLES F. SCHULTZ, IRA E. SCHULTZ,  
SCHULTZ FOOD COMPANY (a partner-  
ship), and GEORGE KOSTER, doing  
business under the fictitious name  
and style of Koster Candy Company,  
*Appellees.*

Upon Appeal from the District Court of the United States for the  
Northern District of California, Southern Division.

## APPELLANT'S PETITION FOR A REHEARING.

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*To the Honorable Curtis D. Wilbur, Presiding Judge,  
and to the Associate Judges of the United States  
Circuit Court of Appeals for the Ninth Circuit:*

The Appellant, Simplex Wrapping Machine Co.,  
feeling itself aggrieved by the opinion filed in this  
Court on May 8, 1942, comes now and respectfully

petitions for rehearing limited to the question of validity and infringement of Claim 3 of United States Letters Patent No. 2,094,594.

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### CLAIM 3.

Claim 3 of the patent in suit is as follows:

In a machine for making paper bags from sheet material like cellophane,

1. a frame, forming a working table,
  2. a plate-like mandrel movably mounted with respect to the table whereby a sheet of said material may be placed between said mandrel and the upper surface of the table,
  3. means for folding projecting side margins of the sheet over the side edges of the mandrel,
  4. means for folding a projecting end margin of the sheet over one edge of the mandrel,
  5. and retractable fold line retaining means adapted to be interposed within the last mentioned fold.
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### THE DECISION OF THE CIRCUIT COURT OF APPEALS.

The decision of the Circuit Court of Appeals analyzed the invention of the patent in suit and particularly Claim 3 as follows:

“The patent in issue relates to a machine for making bags from ‘cellophane’. The machine has two parts: (a) the folding mechanism; and (b) the sealing mechanism. The folding mechanism

consists of (1) a table; (2) a plate-like mandrel which is hinged at the back and may be lowered in order to hold a sheet of cellophane against the table; (3) means for folding the sides of the cellophane which extended beyond the edges of the mandrel, consisting of a flat strip on each side of the mandrel which move over the top of the mandrel, thus causing the edges of the opposite sides of the sheet to overlap at the center of the mandrel; (4) a narrow strip of flat metal at each side of the mandrel each of which strips moves towards the other and on top of the cellophane folded over the mandrel, thus holding the cellophane near the end of the mandrel so that the ends of the folded cellophane may be folded towards the other end, thus closing the bottom; and (5) means for folding the end margin mentioned, which consists of a flat strip of metal under the bottom piece of cellophane, which moves upward and forward, then downward thus folding the ends \* \* \*

“Of the claims in issue, only Claim 3 includes the fourth element described above \* \* \*.”

The Court first disposed of Claim 8 as invalid by holding that it included nothing which was not disclosed by Hotchkiss and added:

“Claim 3, in issue here, is the same as Claim 8, except that it includes the fourth element mentioned above, which consists of metal strips over which the end of the cellophane is folded.”

The Court then determined that Claim 3 is invalid for the reason that the fourth element mentioned above (hereafter referred to as “fold line retaining



means’’), is, first, not indispensable and, secondly that it is found in the prior art.

Appellant respectfully submits that the two reasons for holding Claim 3 invalid are erroneous, and that the Court should grant a rehearing because its reasons are founded upon mistake of law and mistake of fact.

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**FOLD LINE RETAINING MEANS ARE INDISPENSABLE.**

The statement of the Court with respect to this particular portion of the case was as follows:

“\* \* \* Whatever may be said as to the result obtained with the use of the strips, it is clear that their use is not indispensable, because Appellant claims them in only one of six claims.”

It is a fundamental principle of patent law that each claim need not set forth every element of a device.

Walker on Patents, Deller’s Edition, Page 1232:

“A claim may cover the entire process, machine manufacture, or composition of matter, which is set forth in the description, *or it may cover such parts, or such sub-processes, or such combinations*, as a new and useful invention; and the specification may contain a claim for the whole, and other *claims for separate parts*, and still other claims for separate sub-processes or combinations. Railroad Co. v. DuBois, 79 U. S. 47, 20 L. ED. 265; National Machine Co. v. Thom, 25 Fed. 496; Roberts v. Mail Co., 53 Fed. 916; Holloway v. Dow, 54 Fed. 511.” (Emphasis added.)

As stated by Walker on Patents on Page 1275:

“In contemplation of law, each claim of a patent is considered as setting forth a complete and independent invention.”

It is clearly the contemplation of the law that one may claim sub-combinations of elements and that each claim need not set forth every element of the machine.

The law clearly contemplates that if a man invents a machine having five parts, he can claim less than all five elements if that claim defines novelty over the prior art. In the present instance, the claims, other than Claim 3, were allowed because they defined invention and not because the fold line retaining means was unnecessary. Since each claim is a separate and independent invention and may be drawn to sub-combinations, it is respectfully submitted that no conclusion of indispensability should be drawn from Appellant's failure to restrict all of the claims of his patent to a fold line retaining means, especially when this conclusion is diametrically opposed to all of the evidence.

The testimony of the Plaintiff's witness, Kercher (Tr. pp. 242-243), and the following testimony of the Defendant, Charles F. Schultz (Tr. p. 298), show the device to be absolutely essential.

“Q. Mr. Schultz, this bar, if I take that out of the machine would the machine work?

A. No; not satisfactorily. It will after a fashion.

Q. After what fashion?

A. It will make bags.

Q. What kind of bags?

A. That might be arranged.

Q. Did you ever try to work the machine that way?

A. Yes; accidentally.

Q. How did it work?

A. It had made bags, they are not as satisfactory; they are not folded as neatly.

Q. Will you run your machine and try to make the bags that way?

The Court. Well I think his admission is sufficient for all purposes.

Mr. Flehr. All right, Your Honor."

Furthermore the Defendants took no testimony or offered no evidence whatsoever tending to belittle or depreciate the importance of the combination defined by Claim 3 including particularly the Defendants' admission that the concept of a fold line retaining means in a bag making machine is broadly new in the art and that it contributes to utility.

Even if some prima facie stigma of indispensability attached to the fold line retaining means by virtue of its being claimed in but one claim, certainly such prima facie stigma would be overcome by the uncontradicted testimony and evidence shown above.

Moreover, Appellant knows of no doctrine in the law requiring an element of a combination to be indispensable to constitute invention. It is admitted that in order to be patentable, a structure must be useful, or possess utility (and clearly utility is shown in the instant case by the testimony of the Defendant

Schultz quoted previously), but utility and indispensability are not the same in patent law.

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#### FOLD LINE RETAINING MEANS IN PRIOR ART.

In the Court's opinion, the Hotchkiss patent is relied upon by the Court as showing the use of a fold line retaining means to be old. The Court states as follows:

“The device of Hotchkiss disclosed means for folding the end portions to make a bag with a square or rectangular end. Two sides of the end are folded inward, then another side is folded inward and on top of the preceding folds, and the folder holds the third fold until the last side is made on top of all preceding folds. The folder which makes and holds the third fold is described in the Hotchkiss specification as ‘a thin plate of metal adapted to remain and hold the paper folded down by it until the lower part \* \* \* is folded up over it, and then withdrawn just in advance of the lower part as it is pressed upon the upper part from below.

Appellee contends that such folder is exactly like Gaubert's fourth element. Appellant contends that the folder of Hotchkiss was not intended to support the last fold, but intended merely to hold the third fold so that the last one would be on top thereof.

It is not at all clear from the specification of Hotchkiss whether Appellant's contention is true or untrue. It is clear that if the contention is true, the folder would serve the purpose of

Gaubert's fourth element. As previously stated a change in size would not constitute invention. Instead of having the folding lip as a part of the folder, however, Gaubert has separated the two parts. The Hotchkiss element combines the two into one part. The mere separation of one part into two does not constitute invention. *Smith Cannery Machines Co. v. Seattle Astoria I. W.*, 9th Circuit, 261 Fed. 85, 89. Likewise, 'position, rearrangement, and transportation of parts do not alone spell invention'. *General Machinery Corp. v. Clearing Machine Corp.*, 9th Circuit, 104 Fed. (2d) 553, 556. For these reasons we think Claim 3 is invalid."

Apparently from its decision, the Court found that the part m' (Fig. 2 of Hotchkiss Tr. p. 440) constituted a folding means and also a fold line retaining means. Overlooking the operation of the other parts of the machine for the moment, it should be noted that folding means m' (Tr. p. 440, Fig. 2) swings about n' which brings the folding member m' flush against the surface t'. At the time m' is placed in operation, the shape of the bag is that shown in Fig. 12 (Tr. p. 448) and Fig. C of Plate I.\* (See also upper one-third of column 2 on p. 450 of transcript.) Fig. 12 and Fig. C show that the side folds have been made and their edges sealed.

Reverting back to Fig. 2 (Tr. p. 440) the Court should note that the folding member m' is not as long as the end of the mandrel at t'. This is important.

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\*(NOTE): Plate 1 is a scale illustration of folding steps described in Hotchkiss.



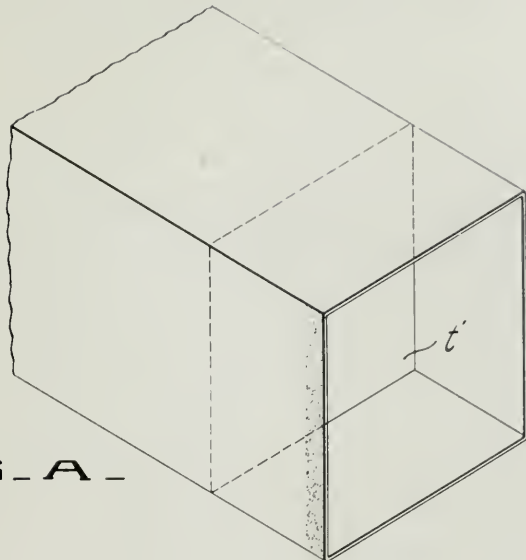


FIG. A.

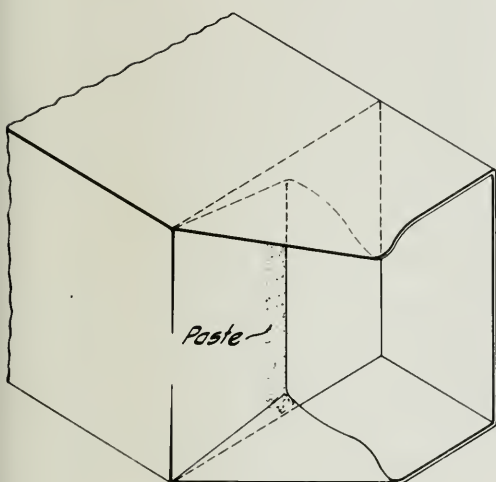


FIG. B.

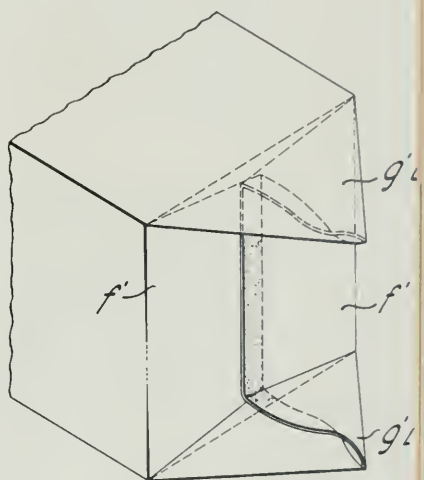


FIG. C.

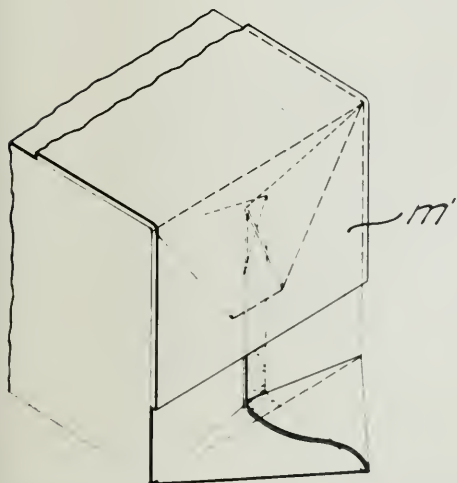


FIG. D. PLATE 1

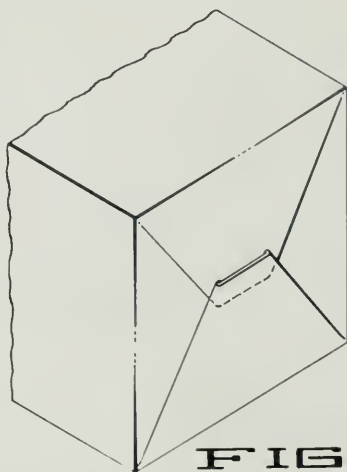


FIG. E.



In order for  $m'$  to constitute a fold line retaining means it would have to be long enough to present an edge about which the lower flap  $g'$  could be folded. Measurement reveals that  $m'$  is only about two-thirds as long as  $t'$  and would cover approximately only the upper two-thirds of end  $t'$ . This is certainly insufficient to present a fold line retaining means, as, to be operable, a fold line retaining means must present an edge along the line where the fold will take place and, it is obvious, that the fold for the lower flap  $g'$  must take place at the lower edge of the forming mandrel and not along a line one-third of the way up from that edge. (See Fig. D, Plate I.)

It is further submitted that Hotchkiss absolutely fails to disclose or suggest that  $m'$  is to present an edge about which lower  $g'$  may be folded. It is an old and well established principle of patent law that in order to constitute effective prior art, the patent must clearly show the particular element which is claimed it does show.

Walker on Patents, Deller's Edition, Page 270, states:

"Novelty is not negated by any prior patent or printed publication, unless the information contained therein is full enough and precise enough to enable any person skilled in the art to which it relates, to perform the process or make the thing covered by the patent sought to be anticipated. (*Wisconsin Alumni R. Foundation v. George A. Breon & Co.*, 85 F. (2d) 166, C. C. A. 8 (1936).)"

The Court in one breath states that it is not at all clear whether or not the folder  $m'$  of Hotchkiss constitutes a fold line retaining means. Immediately thereafter, however, the Court states:

“The Hotchkiss element combines the two into one part.” (Referring to folding mechanism and fold line retaining means.)

While it is true that the Hotchkiss specification and drawings leave much to be desired, it is thought that a brief summary of the operation of the end folding mechanisms might be helpful, insofar as it can be gathered from a study of the Hotchkiss disclosure. None of the Hotchkiss drawings present a view of the device at the time the end folding means are in operation. However, Fig. 2, Page 440, is probably the best. Let us suppose that the mandrel  $j$  is in the recess  $P'$  and the paper is folded about the mandrel to form a long tube with the ends projecting from the end of the mandrel. As stated in the specification (column 1, Tr. p. 450), the two vertical sides of the tube of paper are folded inward by the sliding folders  $a'$ .

Nothing further is said about the retraction of parts  $a'$ . However, since the next act is the operation of folding member  $m'$  downwardly to fold upper projection  $g'$  (Fig. 12, Tr. p. 448; col. 2, p. 450) it is clear that folding members  $a'$  must have been withdrawn for the reason that (as shown in Figs. 1, 2 and 4) they are very thick and  $m'$  could not fold  $g'$  over  $t'$  if  $a'$  were beneath  $g'$ . Therefore  $a'$  must be withdrawn before  $m'$

is operated. It is further made clear that the members  $a'$  must be withdrawn before the last folds are made for the reason that lower  $g'$  is folded upwardly by members  $r'$  and  $q'$ . As shown in Fig. 2 these operate in the same vertical plane as  $a'$ . It is obvious from a study of Fig. 5 (Tr. p. 444) that if the members  $a'$  are moved towards each other, and left in that position,  $r'$  and  $q'$  can not be operated, as they would come in contact with the members  $a'$ . Therefore it is clear that the members  $a'$  must be withdrawn before upper and lower flaps  $g'$  (Fig. 12) are folded. Furthermore, no fold line retaining means is required, because since the overlapping portions  $f'$  (See Fig. C) are glued together as shown in Fig. C. Plate I, flaps  $g'$  can be easily folded.

From the above summary it is obvious that the parts  $a'$  can not be considered fold line retaining means. At most they can merely be considered as folding means. Since by their thickness they would not allow the operation of  $m'$  and  $r'$  if they remained over the end of the mandrel, they must be withdrawn before the portions  $g'$  are interfolded. As has been previously shown the part  $m'$  is merely a folding means and is not a fold line retaining means. In the first place it is not big enough for that purpose, secondly there is no suggestion in the specification or claims that it is to be used for that purpose, and thirdly since upper  $g'$  and lower  $g'$  are identical and since upper  $g'$  is folded without a fold line retaining means, there is no reason to suppose lower  $g'$  requires such means.



It is therefore respectfully submitted that this Court erred in determining that Hotchkiss disclosed a fold line retaining means and that the Court should have accepted the unrefuted statement of the defendant Schultz that there was no fold line retaining means in the prior art. (Tr. p. 298.)

As previously pointed out, Claim 3 of the Letters Patents in suit is directed towards a combination of mechanical elements which successfully fold projecting portions of a piece of cellophane over a flat mandrel, in combination with two retractible elements known as fold line retaining means.

It is clear that there is no showing of a fold line retaining means in the prior art. In the first place, the Examiner in the United States Patent Office who allowed the instant patent had the Hotchkiss patent before him and cited it as a reference, but allowed Claim 3 over that patent. Second, the Defendant Schultz who acted as the expert in his own behalf testified that there was no such thing as a fold line retaining means in the prior art. Thirdly, the Hotchkiss patent relied upon by the Circuit Court of Appeals, clearly does not show a fold line retaining means. Fourthly, the Defendant Schultz himself admits that the fold line retaining means is essential to the successful operation of a bag making machine such as Defendant's Exhibit A.

A United States Letters Patent is presumed to be valid by virtue of its issuance from the United States Patent Office. This presumption of validity is further strengthened when a Defendant cites against the

patent only the art cited by the United States Patent Office at the time the patent was prosecuted.

*Chesapeake and Ohio Railway v. Kaltenbach*,  
CCA 4, 1938, 95 Fed. (2d) 801:

“A patent is prima facie valid (*Parks v. Booth*, 102 U. S. 96, 26 L. Ed. 54; *Lehntbeuter v. Holt-haus*, 105 U. S. 94, 26 L. Ed. 939), and the presumption of validity is strengthened where, as here, the principal references urged against the patent have been considered by the Patent Office. As we said in *Gold Smokeless Coal Co. v. Sutton*, *Steele and Steele*, 1st Circuit, 35 Fed. (2d) 433, 437: ‘Prior patent relied upon as anticipations were carefully considered (by the Patent Office), and numerous changes were made in the claims before the patents were finally issued. It is well settled that in such case the presumption of patentability arising from the issuance of the patent is greatly strengthened.’”

Once validity is found the matter of commercial success may be considered in order to evaluate the patent. In this particular instance and as pointed out previously in Appellant’s Opening Brief on Pages 38 to 40 thereof, Gaubert’s patent has enjoyed considerable success.

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### INFRINGEMENT OF CLAIM 3.

The Appellant’s analysis of the claims in suit, particularly Claim 3 (Tr. pp. 349 and 350) taken in conjunction with Plaintiff’s Ex. 11, Tr. p. 348, clearly shows infringement.

## CONCLUSION.

The opinion of the Court:

“For these reasons we think Claim 3 is invalid.”

is, in our opinion, in conflict with the law and the facts in this case for the reason that the Court erred in failing to acknowledge that a sub-combination claim would be valid, in spite of the fact that it mentioned a particular element which no other claim in suit mentioned, and secondly by misconstruing as a matter of fact the operation of a prior art device.

We are convinced when this Court determines that Claim 3 is valid, it will likewise determine that Claim 3 is infringed. It is therefore prayed that a rehearing be had, so that the question of the validity and infringement may be more fully presented to this Court, for the benefit of the aggrieved party hereto and further that this Court not deny justice by erroneously deciding questions of fact.

Dated, San Francisco,  
June 8, 1942.

Respectfully submitted,  
PAUL D. FLEHR,

*Attorney for Appellant  
and Petitioner.*

JOHN F. SWAIN,  
*Of Counsel.*

## CERTIFICATE OF COUNSEL.

I hereby certify that I am of counsel for appellant and petitioner in the above entitled cause and that in my judgment the foregoing petition for a rehearing is well founded in point of law as well as in fact and that said petition for a rehearing is not interposed for delay.

Dated, San Francisco,  
June 8, 1942.

PAUL D. FLEHR,  
*Of Counsel for Appellant  
and Petitioner.*









No. 9871

IN THE

# United States Circuit Court of Appeals

For the Ninth Circuit

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SIMPLEX WRAPPING MACHINE CO.

(a corporation),

*Appellant,*

vs.

CHARLES F. SCHULTZ, IRA E. SCHULTZ,

SCHULTZ FOOD COMPANY (a partner-

ship), and GEORGE KOSTER, doing

business under the fictitious name

and style of Koster Candy Company,

*Appellees.*

Upon Appeal from the District Court of the United States for the  
Northern District of California, Southern Division.

APPELLANT'S PETITION FOR LEAVE TO PRESENT TO THE  
TRIAL COURT A PETITION FOR A REHEARING.

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*To the Honorable Curtis D. Wilbur, Presiding Judge,  
and to the Associate Judges of the United States  
Circuit Court of Appeals for the Ninth Circuit:*

The Appellant, SIMPLEX WRAPPING MACHINE CO., feeling itself aggrieved by the opinion filed in this Court on May 8, 1942, comes now and respectfully petitions for Leave to Present to the Trial

Court a Petition for a Rehearing limited to the construction and operation of the machine described and claimed in United States Letters Patent No. 135,275 to Hotchkiss and to the taking of testimony and production of evidence concerning the disclosure contained in the specification, drawings, and claims of said Hotchkiss patent, in order that it may be shown that said Hotchkiss patent does not anticipate Claim 3 of the patent in suit, United States Letters Patent No. 2,094,594.

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#### **GROUND S FOR THE PETITION.**

This Petition is based upon the decision of the Circuit Court of Appeals that:

“The device of Hotchkiss disclosed means for folding the end portions to make a bag with a square or rectangular end. Two sides of the end are folded inward, then another side is folded inward and on top of the preceding folds, and the folder holds the third fold until the last side is made on top of all preceding folds. The folder which makes and holds the third fold is described in the Hotchkiss specification as ‘a thin plate of metal adapted to remain and hold the paper folded down by it until the lower part \* \* \* is folded up over it, and then withdrawn just in advance of the said lower part as it is pressed on the upper part from below \* \* \*.’” Appellee contends that such folder is exactly like Gaubert’s fourth element. Appellant contends that the folder of Hotchkiss was not intended to be a support for the last fold, but was intended merely to hold the third fold so that the last one would be on top thereof.

“It is not at all clear from the specification of Hotchkiss whether appellant’s contention is true or untrue. It is clear that if the contention is true, the folder would serve the purpose of Gaubert’s fourth element. As previously stated, a change in size would not be invention. Instead of having the folding lip as a part of the folder, however, Gaubert has separated the two parts. The Hotchkiss element combines the two into one part. The mere separation of one part into two does not constitute invention. *Smith Cannery Machines Co. v. Seattle-Astoria I. W.*, 9 Cir., 261 F. 85, 89. Likewise, ‘Position, rearrangement and transposition of parts do not alone spell invention’. *General Machinery Corp. v. Clearing Mach. Corp.*, 9 Cir., 104 F. (2d) 553, 556. For these reasons we think Claim 3 is invalid.”

The above holding of the Circuit Court of Appeals is directly contrary to all of the testimony in the case. The Plaintiff’s expert, Mr. Kercher, stated that he had studied the prior art and that in his opinion, none of the prior art relied upon by the Defendant anticipated the claims of the patent in suit. (Tr. pp. 243-4.) The Defendant’s expert, who, by the way, was one of the Defendants, testified unequivocally as follows (Tr. p. 298):

“Q. Now, do you find anything in the prior art which shows a fold line retaining means in conjunction with a mandrel in a machine for making bags?

A. At the moment I don’t recall any.

Q. You don’t know of a thing, do you?

A. I don’t recall anything in the prior art.”

At no time during the pendency of this action before the Lower Court, did Defendants or their counsel testify or suggest that the patent to Hotchkiss, No. 135,275 showed the fold line retaining means. In spite of the Defendant's total failure of proof and their total failure to take testimony on this point, Defendant's counsel at the time he filed "Brief for Appellee" before this Court, attempted to find a fold line retaining means in Hotchkiss.

Counsel's statements had no foundation in the record and were contrary to all of the testimony in this case. The Plaintiff had no opportunity to refute this unsupported statement of counsel, and therefore respectfully petitions this Court for Leave to Present to the Trial Court a Petition for a Rehearing in order that the Plaintiff may present testimony with respect to the construction and operation of the machine shown in Hotchkiss' patent.

As this Court stated:

"It is not at all clear from the specification of Hotchkiss whether appellant's contention is true or untrue."

Since the Court itself admits the frailties and weaknesses of the Hotchkiss specification, and since the finding by this Court is diametrically opposed to all of the testimony in the case other than the unsupported statement of Appellee's counsel, it is respectfully requested that this Court should grant Plaintiff the right to rebut said unsupported statements of Appellee's counsel by the testimony of expert witnesses.

**WHAT THE APPELLANT WILL PROVE.**

The Appellant will prove that there is no fold line retaining means in Hotchkiss and submits herewith the affidavit of Mr. Arthur J. Kercher. Mr. Kercher appeared and testified as the expert witness in behalf of the Plaintiff in the Trial Court.

“State of California,  
City and County of San Francisco.—ss.

My name is Arthur J. Kercher, and I am a resident of Berkeley, California.

At present, I am Vice President of the Wesix Electric Heater Company, a manufacturer of Electric Air and Water Heaters, located in the city of San Francisco.

I have had considerable experience as a practical engineer, in the construction and operation of all sorts of machinery.

I was graduated from high school at St. Cloud, Minnesota, and after that I spent some time at the University of Minnesota. Later I gained a good deal of experience in the construction business and I built five or six electric plants for the Northern Pacific Railway, through Minnesota and Montana.

For a number of years I was connected with the electrical industry and the development of bank protection apparatus, burglar alarms, burglary protection for buildings and retail establishments. I came to California in 1904 and constructed electric plants in the northern part of this state.

The first machine which I designed was a machine to fold letters, fold envelopes about them, seal them, put stamps on them, count them, and tie them up in packages for shipment from the



Stock Exchange in Chicago. That was in approximately 1894 or 1895.

I have developed more than one hundred inventions, the first invention of mine being for a brush holder on an electric generator for which I applied for a patent in 1898.

Subsequently I became interested in the electric heating business by reason of the fact that I had considerable electric power at my disposal. Up until the time of the first World War I was actively engaged in designing and producing automatic electric cooking apparatus. During the first World War, I was superintendent of a plant which produced nitro-glycerin for the allies, and in that connection I was conversant with wrapping machines which were used to wrap bars of soap and different similar products. After that I continued my business of electric heating and I now occupy the position first mentioned.

My present work includes the construction and testing of many machines. Much of this work I do in my own laboratory in Berkeley, California. By that, I mean that I actually operate my equipment to construct these various devices which I construct and test. Another part of my work is that of Director of Research, and I have to be familiar with the patent applications being prosecuted by my company and with the patents obtained by our competitors. During the past twenty years I have examined hundreds of patent files.

Pursuant to the request of Mr. Paul D. Flehr, I have examined United States Letters Patent No. 13,575, issued to T. Hotchkiss, on January 28, 1873. I have familiarized myself with the con-

struction and mode of operation of the device shown therein.

For the sake of brevity, I shall not describe or discuss all of the elements of this machine, but shall restrict myself to a discussion of the mandrel; and the mechanism for folding and sealing the bags.

The paper from which the bag is to be formed is laid on plates N and O, Figure 3 (Tr. p. 442), and movable mandrel j is then brought down from the position shown in Figure 2 until it occupies the well-like recess P'. This naturally folds the paper about three sides of the mandrel j. Paste is applied to one edge of the paper and plates N and O advance over the top of mandrel j and form a cylinder of paper about mandrel j.

The two vertical sides of the extension of the folded sheet, beyond the ends of the mandrel, are next folded inward by the sliding folders a', one moving in advance of the other in the order that one margin will be beneath the other. As shown in all of the drawings of the Hotchkiss patent, the members a' are of considerable thickness.

When the two parts of the bottom have been folded and pasted together, the folders a' remain for a short time to hold them in place while a quantity of paste is delivered upon the bottom edge for securing the two horizontal sides of the extension of the folded sheet. For this purpose the folders a' do not come together, but leave a narrow space between their ends, in order that the pasting roller may go between them.

It is my opinion that the folders a' being of thick material, must be removed before top folder

m' folds top member g' downwardly. I have carefully examined the drawings of the Hotchkiss patent and am of the opinion that the member m' could not fold the upper flap g' downwardly if the members a' were left within the fold.

It is my further opinion that there is no necessity that the parts a' remain within the fold for the reason that as they advance, they must fold the underside of flap g'. When the two horizontal extensions of the paper which are folded by the folding members a' are glued together, they would necessarily form a folded or creased portion adjacent the extension g'. No further means would be required to form a fold about which the extensions g' might be folded. (See Fig. 12 of Hotchkiss, Tr. p. 448.)

The contention that member m' which folds down the upper flap g' forms a fold line retaining means about which lower flap g' may be folded is without merit. This is for the reason that as shown in all of the drawings in the patent, the part m' is not made long enough to constitute a member about which lower g' must fold. At best, it is approximately only two-thirds as long as would be required. It would cover only the upper two-thirds of the mandrel t'. To be a fold line retaining means m' would of necessity have to approach the lower edge of mandrel j about which the fold will be made instead of a position two-thirds of the way up end t and fully one-third of the width of the bag away from the point where the fold line must be made.

It is my opinion that the patent to Hotchkiss shows no fold line retaining means. There is no indication in the specification, claim, or drawings

that any of the folding means are to be so used. That part m' cannot be so used is clear. That parts a' cannot be so used is equally clear when one studies the construction of the machine and observes the thickness of members a'. By the time members a' have folded over the vertical extensions of the paper bag and glued them together flaps g' have been so folded that there is no need of a fold line retaining means because as shown in Figure 12 (Tr. p. 448) the inner portions of flaps g' are already folded sufficiently that flaps g' may be folded about the fold or crease already made. Since no fold line retaining means is necessary for successful operation of Hotchkiss and since he does not suggest the use of a fold line retaining means, it is my opinion that there is no teaching of fold line retaining means in the patent to Hotchkiss No. 135,275.

Arthur J. Kercher.

Subscribed and sworn to before me this 4th day of June, 1942.

(Seal)

W. W. Healey,

Notary Public."

From the analysis of the Hotchkiss patent by Mr. Kercher and the analysis by Petitioners' counsel as set forth in the preceding Petition for Rehearing, it is believed clear that there is no fold line retaining means in the patent to Hotchkiss.

Since this Honorable Court based its opinion upon the finding of a fold line retaining means in the Hotchkiss patent, it is respectfully submitted that the Plaintiff Petitioner should be granted an opportunity to present testimony on this matter.

## PETITIONER NOT TO BE BARRED.

The burden of showing invalidity was upon the Defendants. They offered no proof that the fold line retaining means was old; in fact they admitted to the contrary. Appellants were in no position to introduce this motion or this testimony previously as there was at no time prior to Appellees' Brief any hint that Hotchkiss would be so interpreted. Neither Defendants' expert (Tr. p. 298), Plaintiff's expert (Tr. p. 243-4) nor the Patent Office Examiner (Tr. pp. 365 to 433) had ever previously so interpreted this patent. This was indeed a newly discovered interpretation of Hotchkiss.

A similar petition was granted by the Circuit Court of Appeals for the Second Circuit in the case of *Hazeltine Corporation v. Wildermuth*, reported in 35 Fed. (2d) 733. In that case the Defendant Appellant moved for leave to reopen the proof after decree for Plaintiff was affirmed by the Circuit Court of Appeals, and Petitioner's Petition for Reargument had been denied, but before the Mandate had issued to the District Court. In that case the Defendant asked that the Plaintiff be ordered to show cause:

"Why this cause should not be remitted to the District Court, directing it to reopen the proofs to take and consider evidence relating to the United States Signal Corps. amplifier, BC 59-A, and to transmit same with report thereon to this Court, and why defendant appellant should not be granted general equitable relief."

The Appellant sought to offer a physical exhibit which had been described in the evidence at the trial



by a drawing. The Court expressed no opinion as to the weight or effect of the alleged newly discovered proof but granted leave to the District Court to consider the application. It is submitted that this Court should do likewise as the facts are very nearly identical.

---

**TESTIMONY TO BE INTRODUCED IS NOT MERELY  
CUMULATIVE.**

Plaintiff Petitioner admits that generally a new trial will not be allowed where the purpose of the testimony is merely cumulative. However, it is submitted that "evidence is not merely cumulative, where it refers to facts not before agitated, though it may refer to defenses which, in the former trial, were based on other facts". *Walker on Patents*, Deller's Edition, p. 2059.

It is submitted that the testimony sought to be given is not merely cumulative. There is no other testimony in the record with respect to a fold line retaining means in Hotchkiss other than the testimony of Defendants' expert that there is no fold line retaining means in the prior art. The Circuit Court of Appeals had before it only the unconfirmed statement of Appellee's counsel, together with a copy of the Hotchkiss patent. While referring to the Hotchkiss patent, this Court stated:

"It is not at all clear from the specification of Hotchkiss that Appellant's contention is true or untrue."



This shows that the Hotchkiss specification, drawings and claims are difficult to understand and that they do not make clear whether or not a fold line retaining means is present, this by the Court's own admission. It is submitted that in view of the affidavit of Mr. Kercher, this Court should grant Petitioner's plea for right to introduce testimony with respect to the operation of the Hotchkiss machine.

A similar petition was granted in the case of *Hazeltine Corporation v. Wildermuth*, supra. It will be recalled that Defendant Appellant moved for leave to reopen the proof after decree for Plaintiff was affirmed by the Circuit Court of Appeals, and Petitioner's Petition for Reargument had been denied, but before the Mandate had issued to the District Court. The Appellant sought to offer a physical exhibit which had been described in the evidence at the trial by a drawing. The Court expressed no opinion as to the weight or effect of the alleged newly discovered proof but granted leave to the District Court to consider the application. In the present instance the Court had before it only the admittedly vague specification concerning which no testimony was taken. This situation is similar to the *Hazeltine* case, supra, as in that instance the party merely wished to introduce a device which had previously been introduced as a drawing and Appellant here requests permission to ask the District Court for a rehearing in order that testimony may be taken with respect to an operation of the machine shown in the Hotchkiss patent.

## CONCLUSION.

In view of the importance which the Hotchkiss patent now assumes, and because of the state of the evidence, and in view of the Court's finding contrary to all of the testimony, and further in view of the foregoing affidavit of Arthur J. Kercher, it is respectfully submitted that this Petition for Leave to Present to the Trial Court a Petition for Rehearing should be granted.

Dated, San Francisco,  
June 8, 1942.

Respectfully submitted,

PAUL D. FLEHR,

*Attorney for Appellant  
and Petitioner.*

JOHN F. SWAIN,  
*Of Counsel.*



United States  
Circuit Court of Appeals  
For the Ninth Circuit.

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HANS SCHWARTZ,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

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Transcript of Record

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Upon Appeal from the District Court of the United  
States for the Southern District of California,  
Central Division

FILED

APR - 9 1941

PAUL P. O'BRIEN,

CLERK



United States  
Circuit Court of Appeals  
For the Ninth Circuit.

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HANS SCHWARTZ,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

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Transcript of Record

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Upon Appeal from the District Court of the United  
States for the Southern District of California,  
Central Division





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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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## NAMES AND ADDRESSES OF ATTORNEYS

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530 W. Sixth Street,

Los Angeles, California.

For Appellee:

WM. FLEET PALMER

United States Attorney

United States Post Office

and Courthouse Bldg.,

Los Angeles, California. [1\*]

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\*Page numbering appearing at foot of page of original certified  
Transcript of Record.

In the United States District Court, Southern  
District of California, Central Division  
No. 246-P-69220

In the Matter of the Petition of

HANS SCHWARTZ, to be admitted a citizen  
of the United States of America.

### AGREED STATEMENT ON APPEAL

In accordance with Rule 76 of the Rules of Civil Procedure the parties hereby agree upon the following statement of facts and submit the same to the Circuit Court of Appeals for determination of the points in controversy hereinafter specified.

The facts essential to a decision of the questions involved by the Circuit Court of Appeals are as follows:

The appellant, a native of Austria, came to the United States of America and was lawfully admitted for permanent residence on the 20th day of October, 1933. He filed his Declaration of Intention to become a citizen of the United States on the 14th day of April, 1934, in the United States District Court for the Southern District [2] of California, Central Division, at Los Angeles, California. Following the lawful admission on the 20th day of October, 1933, the appellant resided in the United States until the 15th day of January, 1936, at which time he departed from the United States for England. The appellant was then under contract as a motion picture director with the United

Artists Corporation, a California corporation, and was proceeding abroad solely in the employment of said corporation. This corporation was then engaged in the production and distribution of motion pictures in the United States and in foreign countries. Prior to his departure at that time the appellant applied for and secured, on the 18th day of December, 1935, from the Commissioner of Immigration and Naturalization, a permit to reenter the United States under the provisions of Section 10 of the Immigration Act of 1924.

On the 12th day of May, 1936, while the appellant was in London, England, engaged in the production of a motion picture for the United Artists Corporation, he communicated with the Commissioner of Immigration and Naturalization, Washington, D. C., requesting an extension of six months within which to return to the United States, reciting in the said communication that he did not desire to lose the benefits accruing to him under his Declaration of Intention, and stating further that he was unable to complete the work on the motion picture that he was [3] directing unless the said extension were granted. This request was made in order to preserve the continuity of the appellant's residence in the United States for naturalization purposes. On the 3rd day of July, 1936, the appellant received a reply to his communication, signed by the Assistant Commissioner of Immigration and Naturalization, enclosing a self-explanatory form with reference to the general residence requirements



of the naturalization laws, together with a copy of the Act of Congress effective June 25, 1936. The Commissioner further advised the appellant in the said letter that the matter of whether or not an absence had broken the continuity of his residence for naturalization purposes was determined only at the time the application for naturalization comes up for hearing.

The appellant remained in London, England, and in the employment of the said United Artists Corporation until the 20th day of September, 1937, when he was readmitted to the United States through the Port of New York, New York.

On the 12th day of June, 1939, the appellant made formal application for the benefits of the Act of June 25, 1936, and executed Form 2363, prescribed by the Secretary of Labor for making application for the benefits of that Act. On the 31st day of October, 1939, the appellant filed his petition for naturalization in the [4] United States District Court, Southern District of California, Central Division, at Los Angeles, California. The Naturalization Examiner designated by the said Court under the provisions of the 14th subdivision to Section 4, approved June 29, 1907, submitted the petition of the appellant without recommendation for the consideration of the District Court of the United States, Southern District of California, Central Division.

On the 20th of December, 1939, the Secretary of Labor concluded that the appellant "was employed

by an American corporation engaged in whole or in part in the development of foreign trade and commerce of the United States, and that his absence from the United States from January, 1936 to September 1937, was to be engaged in the development of such foreign trade and commerce." The Secretary of Labor, however, expressed no opinion as to whether or not the appellant had filed an application and moved to claim the benefits of the Act of June 25, 1936, within the time limit required by said Act. The determination of that question was left to the District Court of the United States.

After filing said Declaration of Intention the appellant was absent from the United States from the 15th day of January, 1936 until the 20th day of September, 1937, or a period of one year, eight months and five days. The appellant was out of the United States since the Act [5] of June 25, 1936, a period of one year, two months and twenty-five days.

On the 13th day of June, 1940, counsel for the appellant, Hon. J. F. T. O'Connor, and Bruce G. Barber, Naturalization Examiner, signed a stipulation of facts and submitted the questions in controversy on briefs to the District Court of the United States, Southern District of California, Central Division, Hon. Ralph E. Jenney, Judge.

On the 15th day of August, 1940, the Hon. Ralph E. Jenney, United States District Judge, rendered his decision, denying to the appellant the benefits of the Act of June 25, 1936.

A concise statement of the points to be relied upon by the appellant, and upon which the decision of the appellate court is asked, is as follows:

(1) Whether an alien who was abroad when the Act of June 25, 1936 became law may apply for the benefits of that Act upon his return to the United States regardless of when that return took place; and

(2) Whether an application for the benefits of the Act of June 25, 1936, could be filed after that Act had been repealed in part by the subsequent resolution of Congress dated June 29, 1938; and

(3) Whether under the Act of June 25, 1936, and under the resolution of June 29, 1938, the continuity [6] of the appellant's residence within the United States of America for naturalization purposes was broken by absence from the United States from January 15, 1936 to September 20, 1937.

A copy of the Judgment rendered by the District Court of the United States in and for the Southern District of California, Central Division, by Hon. Ralph E. Jenney, District Judge, is attached hereto and made a part of this agreed statement and marked "Exhibit I".

A copy of the Notice of Appeal with its filing date, is attached hereto and made a part of this agreed statement and marked "Exhibit II".

Copies of Orders extending time within which to file the record and docket the cause in the United States Circuit Court of Appeals are attached hereto

and made a part of this agreed statement and marked "Exhibit III".

A statement of the points upon which the appellant relies on appeal is attached hereto and made a part of this agreed statement, and marked "Exhibit IV".

Dated this 19th day of February, 1941.

In the absence of Judge Jenney on account of illness, Approved by:

H. W. HOLLZER,

Judge of the United States District Court, Southern District of California, Central Division.

O'CONNOR, GRAY & STROCK

By WILLIAM J. O'CONNOR

Attorneys for Appellant

WM. FLEET PALMER,

U. S. Atty.

RUSSELL K. LAMBEAU,

Asst. U. S. Atty.

Attorneys for Respondent [7]

**"EXHIBIT I"**

In the District Court of the United States in and for the Southern District of California, Central Division.

No. 246-P-69220

In the Matter of the Petition of

**HANS SCHWARZ**

To be Admitted a Citizen of the  
United States of America.

MEMORANDUM DECISION  
APPEARANCES:

For the Petitioner,

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624 Security Title Ins. Bldg.,  
530 West Sixth Street,  
Los Angeles, California.

For the Government,

BRUCE G. BARBER,  
Naturalization Examiner,  
1307 Federal Building,  
Los Angeles, California.

Jenney, District Judge.

The petition of Hans Schwarz for admission to citizenship in the United States was submitted, after a hearing in open court, upon a stipulation of facts.

The agreed and material facts are as follows: Petitioner, a native of Austria, came to the United States and was lawfully admitted for permanent residence on October 20, 1933. He filed his declaration of intention on April 14, 1934. On December 18, 1935, the Commissioner of Immigration and Naturalization granted petitioner a re-entry permit for one year, and on January 15, 1936, petitioner departed for England. He was then under contract as a motion [8] picture director with the United Artists Corporation of Hollywood and was going abroad solely in the employ of that corporation.



This corporation was then engaged in the production and distribution of motion pictures in the United States and abroad.

On May 12, 1936, petitioner wrote from London to the Commissioner of Immigration and Naturalization, stating that he must, in order not to lose the benefits accruing to him under his declaration of intention, return to the United States before June 18, 1936, but that he would be unable to complete work on the picture he was directing until after that date. He therefore requested an extension of six months within which to return. On July 3, 1936, an assistant to the Commissioner of Immigration and Naturalization answered petitioner's letter, enclosing a self-explanatory form and directing his attention to the second paragraph thereof, setting forth the general residence requirements of the naturalization laws. This assistant also enclosed with his letter a copy of the Act effective June 25, 1936, amending residence requirements of the naturalization laws. He then advised Mr. Schwarz that the matter of whether or no an absence had broken the continuity of residence, for naturalization purposes, is determined only at the time the application for naturalization comes up for hearing. [9]

Petitioner returned to the United States on September 20, 1937. He had been out of the United States one year, eight months and five days, and out of the United States, since the June 25, 1936 amendment, one year, two months and twenty-five days. It was not until June 12, 1939 that any for-



mal application was made for the benefits of the Act of June 25, 1936, at which time the petitioner executed Form 2363 prescribed by the Secretary of Labor for making application for the benefits of that act. On October 31, 1939, petitioner filed his petition for naturalization. On December 20, 1939, the Secretary of Labor in her decision concluded that petitioner "was employed by an American corporation engaged in whole or in part in the development of foreign trade and commerce of the United States, and that his absence from the United States from January 1936 to September 1937, was to be engaged in the development of such foreign trade and commerce." The Secretary of Labor, however, expressed no opinion as to whether or not petitioner had filed an application and moved to claim the benefits of the act of June 25, 1936, within the time limit required by that act. The decision stated that determination of that question was to be left to the court which might hear Schwarz' petition for naturalization.

The last sentence of the second paragraph of the [10] fourth subdivision of section 4 of the Naturalization Act of June 29, 1906 (8 USCA, Sec. 382), as amended March 2, 1929, provided that:

"Absence from the United States for a continuous period of one year or more during the period immediately preceding the date of filing the petition for citizenship for which continuous residence is required as a condition precedent to admission to citizenship shall break the continuity of such residence."

The above quoted language was not disturbed by amendment of June 25, 1936. This amendment merely struck out the period after the word "residence" at the end of the above quoted language, and inserted a comma in lieu thereof. There was then added an exception applying to an alien declarant for citizenship, employed by or under contract with the Government of the United States or an American institution of research recognized as such by the Secretary of Labor, or employed by an American firm or corporation engaged in whole or in part in the development of foreign trade and commerce of the United States or a subsidiary thereof.

When this said second paragraph of the fourth subdivision of said section 4 was amended on June 29, 1938, the portion of said section, above quoted, was reframed to [11] read as follows, (emphasis and brackets are ours—the underscored words being new and the words in brackets having been omitted) :—

“Absence from the United States for a continuous period of one year or more during the period *for which continuous residence is required for admission to citizenship* immediately preceding the date of filing the petition for (citizenship for which continuous residence is required as a condition precedent to admission to citizenship) *naturalization or during the period between the date of filing the petition*

*and the date of final hearing shall break the continuity of such residence, \* \* \**” [Italics are by the court.]

It will be noted that, except for the inclusion of the language with respect to the period between the date of filing the petition and the date of final hearing (which does not concern Mr. Schwarz), the above indicated portion of the act has merely been recast.

Furthermore, the 1938 amendment of the language of the exception added by the 1936 amendment does not in any way affect Mr. Schwarz. Thus, whether we apply the 1936 or the 1938 exception to Mr. Schwarz, the result is the same.

When Mr. Schwarz left the United States on January 15, 1936, he knew he would have to be back in the United States within one year, unless he was to lose the benefits accruing to him under his declaration of intention. And if he had returned on or before January 14, 1937, he would never have had to concern himself with the requirements of the 1936 amendment.

Furthermore, Section 2 of the 1936 act provides that no period of residence outside the United States, during the five years immediately preceding the date of enactment of that act (June 25, 1936), shall be held to have broken the continuity of residence if the alien can bring himself within the provisions of said Section 2. Mr. Schwarz has satisfied the Secretary of Labor and the court, with respect to the period prior to June 25, 1936, (and

there is no time limitation as to when he should so satisfy them) and he would have had until June 25, 1937, under the language preceding the exception, hereinabove quoted and discussed, to return to the United States.

An alien is offered under certain definite conditions the privilege of citizenship by virtue of specific acts of Congress. The Constitution does not confer the right to naturalization. It merely authorizes the Congress to establish a uniform rule therefor. Art. 1, Sec. 8, Clause 4. The opportunity having been conferred by the Naturalization Act and acts amendatory thereof, the alien may accept the offer and become a citizen upon [13] compliance with the prescribed conditions, but not otherwise. Title 8 U. S. C. A. Sec. 372. His claim is of favor, not of right. There is no such thing as the "right to naturalization," and an applicant for this high privilege must conform strictly to the terms alone upon which the right he seeks can be conferred. *Tutun v. U. S.*, 270 U. S. 568, 578; *U. S. v. Ginsberg*, 243 U. S. 472, 475; *Luria v. U. S.*, 231 U. S. 9, 22.

The 1936 amendment is only an exception to, and not a limitation upon, the language preceding the exception. Thus Mr. Schwarz had until June 25, 1937 to satisfy the Secretary of Labor, during which time, to wit: from June 25, 1936 to June 25, 1937, he was absent from the United States under the provisions of the law preceding the exception. If the Secretary of Labor did not indicate her sat-

isfaction in a timely manner, Mr. Schwarz could have returned to the United States before June 25, 1937, and he would never have come under the provisions of the exception.

This construction of the 1936 act is reinforced by the language of the savings clause of the 1938 amendment, to wit:

“This amendment shall not affect cases of aliens who prior to the date of its enactment have established to the satisfaction of the Secretary of Labor, pursuant to an Act en- [14] titled ‘An act to amend the naturalization laws in respect of residence requirements, and for other purposes’, approved June 25, 1936, that absence from the United States was to be or had been for the purpose of carrying on activities described therein,”

which infers that all who were affected by the 1936 amendment had already satisfied the Secretary of Labor and would not be required to do so again because of the 1938 amendment.

We regret that we are unable to entirely follow the Zaoral case, No. 172440, D. C., No. D. of Ill., E. D., the only case cited by petitioner.

The petition is denied.

RALPH E. JENNEY

United States District Judge

Dated: August 15, 1940. [15]



“EXHIBIT II”

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice is hereby given that Hans Schwartz, petitioner above named, hereby appeals to the Circuit Court of Appeals for the Ninth Circuit, from the final judgment entered in this action on August 15, 1940.

(signed) J. F. T. O'CONNOR

Attorney for appellant,  
Hans Schwartz,  
530 West Sixth Street  
Los Angeles, California

Filing Date: November 13, 1940. [16]

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“EXHIBIT III”

[Title of District Court and Cause.]

ORDER FOR EXTENSION OF TIME

Good cause appearing, it is ordered:

That the time to file the record and docket the cause in the United States Circuit Court of Appeals be, and the same is hereby, extended to and including the 11th day of February, 1941.

BEN HARRISON

United States District Judge

[17]



## “EXHIBIT III”

[Title of District Court and Cause.]

## ORDER FOR EXTENSION OF TIME

Good cause appearing, it is ordered:

That the time to file the record and docket the cause in the United States Circuit Court of Appeals be, and the same is hereby, extended to and including the 21st day of February, 1941.

HARRY A. HOLLZER

United States District Judge

[18]

## “EXHIBIT IV”

The following is a

## CONCISE STATEMENT OF THE POINTS

to be relied upon by the appellant and which is submitted to the United States Circuit Court of Appeals for determination.

(1) Whether an alien who was abroad when the Act of June 25, 1936 became law may apply for the benefits of that Act upon his return to the United States regardless of when that return took place; and

(2) Whether an application for the benefits of the Act of June 25, 1936, could be filed after that Act had been repealed in part by the subsequent resolution of Congress dated June 29, 1938; and

(3) Whether under the Act of June 25, 1936, and under the resolution of June 29, 1938, the con-

tinuity of the appellant's residence within the United States of America for naturalization purposes was broken by absence from the United States from January 15, 1936 to September 20, 1937.

WILLIAM V. O'CONNOR

Attorney for Appellant

[Endorsed]: Filed Feb. 19, 1941. R. S. Zimmerman, Clerk. By Edmund L. Smith, Deputy. [19]

---

[Title of District Court and Cause.]

CLERK'S CERTIFICATE

I, R. S. Zimmerman, Clerk of the District Court of the United States for the Southern District of California, do hereby certify the foregoing pages, numbered from 1 to 19, inclusive, contain original Agreed Statement on Appeal, which constitute the record on appeal to the United States Circuit Court of Appeals for the Ninth Circuit.

I do further certify that the fees of the Clerk for comparing, correcting and certifying the foregoing record amount to \$0.95, and that said amount has been paid me by the Appellant herein.

Witness my hand and the Seal of the District Court of the United States for the Southern District of California, this 21st day of February, A. D. 1941.

[Seal]

R. S. ZIMMERMAN,  
Clerk.

By EDMUND L. SMITH,  
Deputy Clerk.

[Endorsed]: No. 9760. United States Circuit Court of Appeals for the Ninth Circuit. Hans Schwartz, Appellant, vs. United States of America, Appellee. Transcript of Record upon Appeal from the District Court of the United States for the Southern District of California, Central Division.

Filed: February 21, 1941.

PAUL P. O'BRIEN,

Clerk of the United States Circuit Court of Appeals  
for the Ninth Circuit.

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In the United States Circuit Court of Appeals  
for the Ninth Circuit  
No. 9760

HANS SCHWARTZ,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

STATEMENT OF POINTS AND PORTIONS  
OF RECORD RELIED UPON

In accordance with Rule 19 of the Rules of Practice of the United States Circuit Court of Appeals for the Ninth Circuit, Subdivision 6, the appellant herewith files a concise statement of the points upon which he intends to rely on the appeal and designates the parts of the record which he thinks necessary for the consideration thereof:

(1) Whether an alien who was abroad when the Act of June 25, 1936 became law may apply for the benefits of that Act upon his return to the United States regardless of when that return took place; and

(2) Whether an application for the benefits of the Act of June 25, 1936, could be filed after that Act had been repealed in part by the subsequent resolution of Congress dated June 29, 1938; and

(3) Whether under the Act of June 25, 1936, and under the resolution of June 29, 1938, the continuity of the appellant's residence within the United States of America for naturalization purposes was broken by absence from the United States from January 15, 1936 to September 20, 1937.

The parts of the record which the appellant deems necessary for the consideration of the statement of points are as follows:

The appellant designates the entire record in this case as necessary for consideration of the statement of points, and designates for printing the entire agreed statement on appeal.

Dated: Los Angeles, California, March 11, 1941.

O'CONNOR, GRAY & STROCK

Attorneys for Appellant

By WILLIAM V. O'CONNOR

Received copy of the within Statement of Points and Portions of Record Relied Upon this 11th day of March, 1941.

[Illegible]

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Attorney for Appellee,  
United States of America.

[Endorsed]: Filed March 12, 1941. Paul P.  
O'Brien, Clerk.

No. 9760.

IN THE  
United States Circuit Court of Appeals  
FOR THE NINTH CIRCUIT

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HANS SCHWARTZ,

*Appellant,*

*vs.*

UNITED STATES OF AMERICA,

*Appellee.*

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BRIEF FOR APPELLANT.

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O'CONNOR, GRAY & STROCK,  
By WILLIAM V. O'CONNOR,  
530 West Sixth Street, Los Angeles,  
*Attorneys for Appellant.*

FILED

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No. 9760.

IN THE

# United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

---

HANS SCHWARTZ,

*Appellant,*

*vs.*

UNITED STATES OF AMERICA,

*Appellee.*

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## BRIEF FOR APPELLANT.

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### 1.

#### Jurisdiction.

The petition of the appellant for admission to citizenship in the United States under Section 4 of the Naturalization Act of June 29, 1906 (34 Stat. 596; Title 8, U. S. C., Sec. 379) was submitted to the District Court of the United States for the Southern District of California, Central Division upon a stipulation of facts. [R. 8.]

The jurisdiction to naturalize aliens as citizens of the United States is conferred upon the District Courts of the United States by Act of June 29, 1906, Section 3. (34 Stat. 596; Title 8, U. S. C., Sec. 357.)

The decision of the District Court denying the petition of the appellant for citizenship was entered on August 15, 1940. [R. 14.] Notice of appeal was timely filed in this Honorable Court on November 13, 1940 [R. 15],

and the transcript of record upon appeal was timely filed on February 21, 1941. [R. 18.]

Jurisdiction is conferred upon this Honorable Court to review the final decisions of the district courts of the United States by Section 128 of the Judicial Code, as amended (Title 28, U. S. C., Sec. 225 (a)), wherein it is provided that "the Circuit Courts of Appeal shall have appellate jurisdiction to review by appeal or writ of error final decisions . . . in the district courts," except as otherwise provided. The order of the District Court below denying the petition of the appellant for naturalization is a final decision within the meaning of the above section.

*Tutun v. United States*, 270 U. S. 568;

*United States v. Rodiek*, 162 Fed. 469 (Ninth Circuit).

## 2.

### Preliminary Statement.

On October 31, 1939, the appellant filed in the court below his petition for naturalization in pursuance to the Naturalization Act of June 29, 1906, as amended. (Secs. 3, 4, 34 Stat. 596; 37 Stat. 737; Title 8, U. S. C., Secs. 357, 379, 382.)

The submission was upon a stipulation of facts, after hearing in open court. [R. 8.] On appeal, the appellant and the appellee have executed an agreed statement upon the facts. [R. 2.] The agreed statement is submitted to this Honorable Court for a determination of the points in controversy. [R. 18, 19.]

The facts will be alluded to only to the extent necessary to discuss the propositions presented.

3.

Statement of the Case.

A question of judicial interpretation is raised by this appeal. A determination of the propositions presented involves a judicial construction of the Basic Naturalization Act of June 29, 1906, Section 4, as amended and supplemented. (34 Stat. 596; 45 Stat. 1513; 49 Stat. 1925; 52 Stat. 1247; Title 8, U. S. C., Sec. 382.) The Basic Act has been amended and supplemented by the following enactments material to this appeal:

(1) *Act of March 2, 1929 (Section 6 (b), Chap. 536, 45 Stat. 1513)*

(2) *Act of June 25, 1936 (Section 1, Chap. 811, 49 Stat. 1925.)*

(3) *Act of June 29, 1938 (Chap. 819, 52 Stat. 1247.)*

Section 4 of the Basic Act of June 29, 1906, as amended and supplemented by the above amendments is recorded in Sec. 382 of Title 8, U. S. C., and is set forth in the appendix showing the various transitions through which it has passed.

The primary questions for decision are whether the appellant, who was abroad when the Act of June 25, 1936 became law, could apply for the benefits of that act upon his return to the United States and at any time prior to the hearing on his petition for naturalization; and whether an application for the benefits of the Act of June 25, 1936, could be filed after that act had been repealed in part by the subsequent Act of June 29, 1938. The



appellant is indisputably a beneficiary under the enactments of 1936 and 1938, and no question arises as to this. [R. 4, 5.]

The appellant filed his declaration of intention to become a citizen of the United States on April 14, 1934. He departed from the United States on January 15, 1936, in the employ of an American corporation engaged in the development of foreign trade and commerce of the United States. At the time of his departure the Act of June 29, 1906, as amended March 2, 1929, was in effect. Under the provisions of that act, absence of an alien declarant from the United States for a period of from six months to one year immediately preceding the date upon which he filed his petition for naturalization was presumed to break the continuity of residence required, although such presumption was rebuttable; but absence from the United States for a period of one year or more immediately preceding the date of filing the petition for citizenship definitely broke the continuity of such residence.

However, while the appellant was abroad the Act of June 25, 1936, became law. Under the terms of this amendment it was provided that no period of residence outside the United States would break the continuity of residence, if the alien proved to the satisfaction of the Secretary of Labor<sup>1</sup> and the court that during such resi-

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<sup>1</sup>*Immigration and Naturalization Service of Department of Labor and its functions were transferred to Department of Justice, to be administered under direction and supervision of Attorney General, by Reorg. Plan No. V, effective June 14, 1940.*

dence outside the United States the alien was employed by an American corporation engaged in the development of foreign trade and commerce of the United States. *The Act of 1936 was silent as to the time within which a beneficiary under the Act must make application for the benefits thereof.* The appellant, prior to the passage of the Act of 1936, applied to the Commissioner of Immigration and Naturalization for an extension of time within which to return to the United States in order not to break the continuity of his residence. [R. 3.] In reply, the Commissioner of Immigration and Naturalization advised the appellant that the question of whether the continuity of residence was broken was determined at the time of the naturalization hearing, and forwarded to the appellant a copy of the Act of June 25, 1936. [R. 3, 4.]

The appellant returned to the United States on September 20, 1937, and on June 12, 1939 made formal application to the Secretary of Labor<sup>1</sup> for the benefits of the Act of June 25, 1936. [R. 4.] The Secretary of Labor<sup>1</sup> concluded that the appellant was a beneficiary under the 1936 enactment, but left for the determination of the court below the question whether the appellant had made application within the time required by the Act of June 25, 1936. The court below concluded that the appellant's application was not timely. [R. 4, 5.]

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<sup>1</sup>*Immigration and Naturalization Service of Department of Labor and its functions were transferred to Department of Justice, to be administered under direction and supervision of Attorney General, by Reorg. Plan No. V, effective June 14, 1940.*

4.

**Questions Involved**

1. Whether an alien declarant who was absent from the United States in the employ of an American corporation engaged in the development of foreign trade and commerce of the United States when the Act of June 25, 1936 became law may apply for the benefits of that act upon his return to the United States and at any time prior to the hearing on his petition for naturalization.

2. Whether an alien declarant who was absent from the United States in the employ of an American corporation engaged in the development of foreign trade and commerce of the United States when the Act of June 25, 1936 became law may apply for the benefits of that act after that act was repealed in part by the subsequent Act of June 29, 1938.

5.

**Summary of Argument.**

1. An alien declarant for United States citizenship who was absent from the United States when the Act of June 25, 1936 became law, and who was employed by an American corporation engaged in the development of foreign trade and commerce of the United States, may apply for the benefits of that act upon his return to the United States and at any time prior to the hearing on his petition for naturalization.

2. An alien declarant for United States citizenship residing abroad at the time of the passage of the Act of June 25, 1936, engaged in the activities enumerated in the act may make application for the benefits thereof upon his return to the United States at any time prior to the hearing on his petition for naturalization, even after that act had been repealed in part by the subsequent Act of June 29, 1938.

6.

ARGUMENT.

1. An Alien Declarant for United States Citizenship, Who Was Absent From the United States When the Act of June 25, 1936, Became Law, an Who Was Employed by an American Corporation Engaged in the Development of Foreign Trade and Commerce of the United States, May Apply for the Benefits of That Act Upon His Return to the United States and at Any Time Prior to the Hearing on His Petition for Naturalization.

The Basic Naturalization Act of June 29, 1906, Sec. 4, has undergone a series of changes. The Basic Act was amended on March 2, 1929. (45 Stat. 1516.) Prior to July 1, 1929, the Naturalization Law required that the court admitting an alien to citizenship should be satisfied that during the 5 years immediately preceding the filing of his petition he had resided continuously in the United States. (34 Stat. 596; Title 8 U. S. C., Sec. 382.) Furthermore, it was provided that no alien should be admitted to become a citizen who had not, for a continued term of five years next preceding admission, resided within the United States. Whether there was a break in the continuity of residence was determined at the time the application for naturalization came up for hearing. (Rev. Stat. 2170; Title 8, U. S. C., Sec. 361.)

Experience in the administration of these provisions demonstrated that it was not feasible to secure a uniform application of the law with respect to the naturalization of aliens who had been absent from the United States within the period of 5 years immediately prior to the filing of the petition.

Consequently, on March 2nd, 1929, Congress enacted a provision which became effective on July 1st of that year containing a rule of evidence on the question of absence. The rule provided that absence from the United States for a continuous period of more than six months and less than one year during the interval immediately preceding the filing of the petition that the law requires continuous residence in the United States should be presumed to break the residence, but that such presumption might be overcome upon the presentation of evidence satisfactory to the court that a reasonable cause had existed for not returning to the United States prior to the expiration of such six months. It further provided that absence for a continuous period of one year or more during the interval that the law required continuous residence within the United States, broke the continuity of residence. (45 Stat. 1513; Title 8 U. S. C., Sec. 382 Supp.).

The rule of evidence established by the Act of March 2nd, 1929, still remains in force; but by the Act of June 25, 1936 (49 Stat. 1925; Title 8 U. S. C., Sec. 382 Supp.) this rule of evidence was relaxed in behalf of a certain class of aliens, who clearly indicated their intention to become citizens, but who were possessed of such outstanding ability as to justify the United States Government, or an American institution of research, or American organizations engaged in extending the international demand for products of the United States in sending such aliens to foreign countries to exercise their recognized ability. Congress felt that such outstanding aliens should not be unnecessarily penalized in their evident desire to become citizens simply for the reason that their absence from the United States on such beneficial activities prevented the precise compliance with the five years con-

tinuous residence requirement of the existing naturalization law. Accordingly, Congress enacted the measure of June 25, 1936, which preserved the continuity of residence in the United States for naturalization purposes only in the cases of aliens benefited by the act during the period their contract required absence from the United States, and served to facilitate favorable consideration of their petitions for citizenship certificates within the life of existing valid declarations of intention to become citizens. *Senate Rep. No. 2159*, 74th Cong., 2d Sess. (1936).

The Act of June 25, 1936, was divided into two sections. Section 1 of the act added an exception to the continuity of residence requirement of the Act of March 2, 1929, by adding to that act the following:

“ . . . except that in the case of an alien declarant for citizenship employed by or under contract with the Government of the United States or an American institution of research recognized as such by the Secretary of Labor, or employed by an American firm or corporation engaged in whole or in part in the development of export trade from the United States or a subsidiary thereof, no person of residence outside the United States shall break the continuity of residence if (1) prior to the beginning of such period (whether such period begins before or after his departure from the United States) the alien has established to the satisfaction of the Secretary of Labor that his absence from the United States for such period is to be on behalf of such Government, or for the purpose of carrying on scientific research on behalf of such institution, or to be engaged in the development of such export trade or whose residence



abroad is necessary to the protection of the property rights in such countries of such firm or corporation, and (2) such alien proves to the satisfaction of the court that his absence from the United States for such period has been for such purpose.”

Section 2 of the Act of June 25, 1936 was as follows:

“No period of residence outside the United States during the five years immediately preceding the enactment of this amendatory Act shall be held to have broken the continuity of residence required by the naturalization laws if the alien proves to the satisfaction of the Secretary of Labor and the court that during all such period of absence he has been under employment by, or contract with, the United States, or such American institution of research, or American firm or corporation, described above in this section, and has been carrying on the activities described in this Act in their behalf.”

The language of Section 2 of the Act of June 25, 1936, is silent as to the time within which an application must be made for the benefits afforded by this remedial legislation. To be the recipient of the advantages afforded by the act, Congress provided only that a beneficiary satisfy the Secretary of Labor<sup>1</sup> and the court that he was carrying on the activities described in the act. This raises a question of judicial interpretation as to when a beneficiary under the act must apply for the benefits thereof.

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<sup>1</sup>*Immigration and Naturalization Service of Department of Labor and its functions were transferred to Department of Justice, to be administered under direction and supervision of Attorney General, by Reorg. Plan No. V, effective June 14, 1940.*

The Act of June 25, 1936 has not been construed by any Circuit Court of Appeals. The precise question involved in this appeal, however, was judicially determined by the United States District Court for the Northern District of Illinois in the case of *In Re Zaoral*. Since the decision in the *Zaoral case* is unreported a copy of this decision has been included in the Appendix. The court below was disinclined to follow the decision in the *Zaoral case*. [R. 14.]

It will be noted that the facts in the *Zaoral case* are similar to the facts in the present case. Mr. Zaoral, like appellant here, was, at the time of the passage of the Act of June 25, 1936, in a foreign country, engaged in the employ of an American firm. Mr. Zaoral did not apply for the benefits of that act until after the enactment of the Act of June 29, 1938. One of the questions ruled upon by the court in the *Zaoral case* was:

“3. Construction of the Act of June 25, 1936, to determine the time within which application for its benefits must be made.”

The court in the *Zaoral case* held that the Act of June 25, 1936 was remedial legislation designed to aid persons who are engaged in promoting the interests of the United States in foreign countries, and should be given a liberal construction which would accomplish its purpose, and concluded that under such a construction an alien who had been continuously employed in the service of an American firm, developing foreign trade and commerce of the United States, might, at any time upon his return to the United

States after June 25, 1936, present his application and be given the benefits of the said act.

Congress, intended the Act of June 25, 1936 to be remedial legislation and the Senate Committee on Immigration when the Bill was submitted for Congressional approval stated:

“Your committee is of the opinion that consideration should be extended and proper relief granted to that class of aliens who have clearly indicated their intention to become citizens and who are possessed with such outstanding ability as to justify the United States Government, American institutions of research, or American organizations engaged in extending the international demand for products of the United States, in sending them to foreign countries to exercise their recognized ability.

“Your committee feels that such outstanding aliens should not be unnecessarily penalized in their evident desire to become citizens simply for the reason that their absence from the United States on such beneficial activities prevents the precise compliance with the five years continuance residence requirement of the existing naturalization laws.”

*Senate Rep. No. 2159, 74th Cong., 2d Sess. (1936).*

It is well settled that remedial legislation should be construed liberally to carry out the wise and salutary purposes of its enactment.

*Stewart v. Kahn*, 11 Wall. 493;

*Home Life Insurance Co. v. Dunn*, 19 Wall. 214;

*Metropolitan Railroad Co. v. District of Columbia*,  
132 U. S. 1;

*United States of America v. New York Steam Fitting Co.*, 235 U. S. 327;

*Heitler v. United States*, 260 U. S. 438;

*McDonald v. Thompson*, 305 U. S. 263;

*Federal Housing Administration v. Burr*, 309 U. S. 242.

The construction of the 1936 Act contended for by the appellant is strengthened by the fact that in his desire to protect the continuity of his residence appellant communicated with the Commissioner of Immigration and Naturalization, stating that he did not desire to lose the benefits accruing to him under his declaration of intention. [R. 3.] To this communication the appellant received a reply signed by a deputy commissioner of immigration and naturalization, enclosing a copy of the Act of June 25, 1936, and stating that the question of whether or not an absence from the United States had broken the continuity of residence for naturalization purposes was "determined only at the time the application for naturalization comes up for hearing." [R. 3, 4.]

It is submitted that the liberal construction given to the Act of June 25, 1936, by the District Court in the *Zaoral case* is in consonance with the intents and purposes of Congress in passing this remedial legislation, and that under that interpretation the appellant should be entitled to the benefits afforded under that act. The strict and technical construction given to the act by the court below is at war with the intendments of Congress and serves to unnecessarily penalize the appellant in his evident desire to become a citizen of the United States.

2. An Alien Declarant for United States Citizenship, Residing Abroad at the Time of the Passage of the Act of June 25, 1936, Engaged in the Activities Enumerated in the Act May Make Application for the Benefits Thereof Upon His Return to the United States at Any Time Prior to the Hearing on His Petition for Naturalization, Even After That Act Had Been Repealed in Part by the Subsequent Act of June 29, 1938.

The Act of June 25, 1936, was subsequently amended by the Act of June 29, 1938. By the latter act portions of the 1936 enactment were retained, while other portions were repealed. [See Appendix.] One of the purposes of the 1938 enactment was to restrict the scope of operation of the Naturalization Law in relation to the naturalization of aliens who were absent from the United States for extended periods by reason of the nature of their employment. Experience with the administration of the 1936 Act disclosed that aliens employed abroad within the categories described in the act, but who had apparently not maintained residence in the United States or had not been in the United States, applied for immigration visas, secured leave of absence from their employment, came to the United States where they ostensibly secured lawful admission for permanent residence, made declaration of intention to become a citizen of the United States, applied to the Secretary of Labor<sup>1</sup> for a finding that absence from the United States was to be for one of the purposes described in the 1936 enactment and thereafter departed

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<sup>1</sup>*Immigration and Naturalization Service of Department of Labor and its functions were transferred to Department of Justice, to be administered under direction and supervision of Attorney General, by Reorg. Plan No. V, effective June 14, 1940.*

from the United States and resumed the performances of the duties in which they had previously been engaged.

Thus, it was intended by the 1938 Act to limit the scope of operation of the Naturalization Law to those who had resided within the United States continuously without an absence in excess of one year, or who had resided here for at least one year subsequent to lawful admission for permanent residence, and thereafter engaged in the employment of the character described in the act.

Section 1 of the Act of June 25, 1936, was omitted in the 1938 enactment, while Section 2 of the 1936 Act was left unchanged. It will also be noted that in the 1938 Act there was a savings clause to the effect that:

“This amendment shall not affect cases of aliens who, prior to the date of its enactment, have established to the satisfaction of the Secretary of Labor pursuant to an Act . . . approved June 25, 1936, that absence from the United States was to be or had been for the purposes of carrying on activities described therein.”

Thus, a further question of judicial interpretation arises as to whether Congress intended that an alien who could have obtained benefits under Section 1 of the 1936 Act is precluded from obtaining those benefits after the apparent repeal of Section 1 by the Act of June 29, 1938, or whether by the retention of Section 2, which refers to Section 1 of the 1936 Act, and the addition of the savings clause to the June 29, 1938, Act, such benefits could still be obtained by the appellant if compliance with Section 1 could be shown.

The court in the *Zaoral* case had before it the question as to whether an application for the benefits of the Act of



June 25, 1936, could be made after that act had been repealed in part by the Act of June 29, 1938. In the *Zaoral case* the court stated the problem as follows:

"4. Construction of the Act [of June 25, 1936] as amended by the joint resolution of Congress passed June 29, 1938, which further amended the Naturalization Laws to provide that absence of one year or more from the United States would break the continuity of such residence, except in cases where the absence was for the purpose stated in the Act of June 25, 1936, and the Secretary of Labor has so found and the court likewise was satisfied in that respect."

The court in the *Zaoral case* concluded that under the construction of the Act of June 25, 1936, which would enable persons belonging to the classes intended to be aided to claim the benefits of the act at any time prior to filing a petition for naturalization, such aliens may make such application for the benefits of the 1936 Act even after the passage of the Act of June 29, 1938, and the establishment of the facts concerning employment to the satisfaction of the Secretary of Labor at any time prior to the filing of a petition for naturalization constituted an establishment "pursuant to" the Act of 1936 within the meaning of the savings clause of the 1938 enactment.

### Conclusion.

For the foregoing reasons it is respectfully submitted that the decision of the lower court in this case should be reversed.

Respectfully submitted,

O'CONNOR, GRAY & STROCK,

By WILLIAM V. O'CONNOR,

*Attorneys for Appellant.*





## APPENDIX.

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### Opinion of Hon. Michael L. Igoe, in *In re Zaoral*.

United States District Court, Northern District of Illinois, Eastern Division.

In the Matter of the Petition of Charles Theodore Zaoral, Petitioner. No. 172440.

The Petition of Charles Theodore Zaoral to be admitted as a citizen of the United States was submitted on stipulation that the Court should consider the evidence taken before the Examiner without any recommendations or findings by him. The Court was also furnished with a copy of a Memorandum signed by the Solicitor of the Department of Labor to the Commissioner of Immigration and Naturalization, and a Memorandum on behalf of the Petitioner.

From the evidence it appears that Charles T. Zaoral, a citizen of Austria, came to the United States on November 2, 1923, as a quota immigrant, and in December, 1923, filed a Declaration of Intention in the Montgomery County Court at Norristown, Pennsylvania. Soon thereafter he entered the employ of Dodge Brothers, Inc., in Chicago. On November 26, 1926, he married a citizen of the United States. On December 2, 1926, he was sent by Dodge Brothers, Inc., to South Africa on business of that Company, and remained in South Africa in such employment up to August, 1927, when he returned to Detroit, continuing in the employment of Dodge Brothers, Inc., until on or about March 1, 1930.

On March 5, 1939, Mr. Zaoral filed a Petition for Naturalization in Detroit, Michigan, but due to change of

address did not receive notice of the hearing on his Petition prior to his departure from the United States on March 5, 1930, in the employ of a subsidiary of the General Motors Corporation located in Germany. The Petition came on for hearing in the United States District Court in Detroit on March 27, 1930. Mr. Zaoral being absent and not having received any notice of the hearing, the Petition was denied because of absence—failure to prove five years' residence.

From March 5, 1930, to July 13, 1936, Mr. Zaoral remained in Germany in the course of his employment with the subsidiary of General Motors Corporation. On July 13, 1936, he returned to the United States, in the course of his employment, bringing a group of German business men to visit the corporation's plants and offices in Detroit and in New York, and remained until August 1, 1936, when he returned with the same group of men to Germany. He remained in Germany until July 18, 1938, when he came to the United States. On August 12, 1938, he made application to the Secretary of Labor for a finding that his employment by an American corporation in its foreign business continuously during said period entitled him to the benefits of the Act of June 25, 1936 (49 Stat. 1925), as a consequence of which his residence abroad might properly be construed as residence in the United States for naturalization purposes.

This application was denied September 21, 1938, apparently because the 1936 Act had been considered by the Department of Labor as partially repealed by the Act of June 29, 1938 (52 Stat. 1247), and it was thought that his case was not within the saving clause of the 1938 Act with respect to cases under the 1936 Act. Thereafter, Mr.

Zaoral requested a reconsideration of the Department's ruling, and the facts of the case were reconsidered and treated as an application for the benefits of the Act of June 25, 1936, as amended by the Act of June 29, 1938. Consideration was given the case as such by the Board of Review, which rendered a decision on December 15, 1938, recommending that the application be not approved. However, at a later date, about February 15, 1939, the Secretary of Labor made a finding that "she was satisfied with facts in the Charles T. Zaoral case that alien's employment abroad comes within the terms of the Act of June 25, 1936, but the Court should be asked to rule on all questions presented by case."

The evidence shows conclusively that the Petitioner meets all of the requirements of the Naturalization Laws with the possible exception of the requirement as to residence. The facts of the case present several questions of construction of the provisions of the Act of June 25, 1936, and the Act of June 29, 1938, as well as a question concerning the effect on both of these Acts of the Cable Act of September 22, 1922, as amended by the Act of May 24, 1934 (48 Stat. 797-8).

In the presentation of the case the Director of Immigration has raised the following points for the consideration of the Court:

1. Is there a sufficient Declaration of Intention on file to bring Petitioner within the meaning of the Naturalization Laws and enable him to take advantage of the Law as amended by the Act of June 25, 1936?



2. Did the return to the United States on July 13, 1936, at which time the Petitioner remained in the United States on the employer's business until August 1, 1936, break the continuity of his residence within the meaning of the Naturalization Laws as amended by the Act of June 25, 1936?
3. Construction of the Act of June 25, 1936, to determine the time within which application for its benefits must be made.
4. Construction of the Act as amended by the joint resolution of Congress passed June 29, 1938, which further amended the Naturalization Laws to provide that absence of one year or more from the United States would break the continuity of such residence, except in cases where the absence was for the purpose stated in the Act of June 25, 1936, and the Secretary of Labor has so found and the Court likewise was satisfied in that respect.

(1) In regard to the point raised by the Government that no valid Declaration of Intention was on file at the time of the filing of the Naturalization Petition on September 26, 1938, the Petitioner contends that his marriage to a citizen of the United States on November 26, 1926, entitled him to favored treatment under the 1922 Act, as amended by the 1934 Act, which provides that no Declaration of Intention shall be required of aliens marrying citizens of the United States after the passage of the Act of 1922, "as here amended." This language has been construed by the Courts to confer the benefits of the 1934 Act upon an alien marrying a citizen after the enactment of the 1922 Act but before the enactment of the 1934

amendment. *United States v. Balestra* (C. C. A., Pa. 1937), 88 Fed. (2nd) 43; *United States v. Bradley* (C. C. A., Ill. 1936), 83 Fed. (2nd) 483.

Section 1 of the 1936 Act in terms confers the exception in the case of an "alien declarant" and the later amendatory Act of 1938 also makes the exception,

" . . . in the case of an alien—

. . . . .

"(c) Who has made a declaration of intention to become a citizen of the United States. . . ."

In recommending that the application be not approved, the Board of Review ruled that the Act of September 22, 1922, as amended, does not in any way modify the requirements of the Act of June 25, 1936, as amended on June 29, 1938, that both the 1936 and 1938 Acts were intended to apply only in the cases of aliens falling specifically within the terms of those Acts, and that both of those Acts refer to aliens who had filed valid declarations of intention.

It is contended by the Petitioner that the 1922 Act, as amended by the 1934 Act, should not be ignored if full effect is to be given to its manifest intention. The 1934 Act provides that an alien who marries a citizen of the United States after the enactment of the 1922 Act,

"may be naturalized upon full compliance with all requirements of the naturalization laws with the following exceptions:

"(a) No declaration of intention shall be required,  
 . . . ."

It would seem that the form of this Act should be considered in its construction. The exception is an exception to compliance with "the naturalization laws." This general reference to "the naturalization laws" indicates a Congressional intent to embrace the whole body of laws relating to the subject of naturalization, and the exception may very well be construed by the courts to relieve the favored class of aliens from the requirements of filing a declaration of intention wherever such a requirement appears in the naturalization laws.

This Act has not been repealed and the Petitioner contends that to adopt the construction of the Board of Review would produce the result that the Acts of 1936 and 1938, purely remedial in character, would operate to deny their remedies to a class of aliens clearly favored by the 1934 amendment or operate to nullify the 1934 amendment in fact.

It was clearly not the intention of Congress by any legislation after 1934 to repeal the 1934 amendment, nor can there be any reason found in any later legislation to cause the court or any department of the Government to ignore the plain provision of this statute. The Acts of 1936 and 1938 were passed for the purpose of aiding certain classes of persons who were engaged in work for the Government, or for businesses which aided, among other things, our foreign commerce. These Acts certainly were not intended to require declarations of intention which by a previous law had been specifically not required of certain persons named therein. With the 1934 amendment still in full force and effect, and with no provision in the Acts of 1936 and 1938 which could by any stretch of the imagination limit or modify or amend the provision that "no

declaration of intention shall be required by an alien married to a citizen of the United States," the Court holds that the Petition in the case at bar was not required to file a Declaration of Intention. The Act of June 25, 1936, was intended to apply to a group of alien declarants who were ready to apply for citizenship. Mr. Zaoral, being married to an American citizen, was in that group and under the Act of 1934 he was specifically excused from filing a declaration.

(2) The next question raised by the Department of Labor is: "Did the return to the United States on July 13, 1936, at which time the Petitioner remained in the United States on the employer's business until August 1, 1936, break the continuity of his residence within the meaning of the Naturalization Laws as amended by the Act of June 25, 1936?"

It appears that the Petitioner did not make application for the benefits of the 1936 Act until August 12, 1938, which was after the enactment of the 1938 amendment. The Department of Labor contends that in order that the Petition of September 26, 1938, could be favorably considered, it would be necessary for Zaoral to show continuous residence within the United States for at least three years, assuming that he is entitled to the benefits of the 1934 amendment to the Cable Act of 1922, and is not required to file a Declaration of Intention. He must, therefore, show continuous residence since September 26, 1935. On that date, and thereafter until July 13, 1936, and again from August 1, 1936, until July 18, 1938, he was abroad in Germany in the employ of a subsidiary of General Motors Corporation.

The first paragraph of the fourth subdivision of Section 4 of the Act of June 29, 1906, as amended, deals with the requirements and proof as to residence, character, and attachment to the Constitution, required to be shown by aliens generally as conditions precedent to admission to citizenship, and provides that,

“Fourth. No alien shall be admitted to citizenship unless

“(1) Immediately preceding the date of his petition the alien has resided continuously within the United States for at least five years . . . .”

The second paragraph deals with the effect of absence from the United States and provides in part:

“Absence from the United States for a continuous period of one year or more during the period immediately preceding the date of filing a petition for citizenship for which continuous residence is required as a condition precedent to admission to citizenship shall break the continuity of such residence.”

If the Petitioner has been absent for more than a year, no matter what country he had been in and no matter what the circumstances might be, he lost his residence and it was necessary to deny his Petition. Then came the amendment of June 25, 1936, Section 1 of which amends the last quoted provision by adding the following exception:

“Except that in the case of an alien declarant for citizenship . . . employed by an American firm or corporation engaged in whole or in part in the development of foreign trade and commerce of the United States or a subsidiary thereof, no period of residence outside of the United States shall break the

continuity of residence if (1) prior to the beginning of such period (whether such period begins before or after his departure from the United States) the alien has established to the satisfaction of the Secretary of Labor that his absence from the United States for such period is to be . . . engaged in the development of such foreign trade and commerce . . . and (2) such alien proves to the satisfaction of the court that his absence from the United States for such period has been for such purposes.”

Section 2 of the Act of June 25, 1936, provides:

“Section 2. No period of residence outside the United States during the five years immediately preceding the enactment of this act shall be held to have broken the continuity of residence required by the naturalization laws if the alien proves to the satisfaction of the Secretary of Labor and the Court that during all such period of absence he has been under employment by, or contract with, the United States, or such American institution of research, or American firm or corporation, described in Section 1 hereof, and has been carrying on the activities described in this Act in their behalf (49 Stat. 1925).”

With respect to his absence during the period from September 26, 1935 to June 25, 1936, it was agreed that Zaoral may take advantage of the provisions of Section 2 of the 1936 Act. It will be noted that the language of this Section is silent as to the time for making an application for its benefits. Consequently, it would seem that upon making the required showing concerning his employment, at any time after the passage of the 1936 Act, Zaoral will become entitled to a finding that he was a resident of the United States during the period between



September 26, 1935, and June 25, 1936. The period from June 25, 1936, until July 13, 1936, need give no concern since it was less than 6 months and therefore occasions not even a presumption of a break in the required continuity of residence.

As to the period of time from July 13, 1936 to August 1, 1936, Zaoral was in the United States on business of his employer and performing duties arising out of and in the course of such employment. It is clear that his residence abroad, within the meaning of Section 2 of the Act of June 25, 1936, could not be construed to have been interrupted by this business trip, and it is equally true that it would have been useless to file a petition for naturalization, during this time, because proof of the required facts could not be made to the satisfaction of the court until the alien had been in this country at least 90 days (the time which must elapse between the filing of a naturalization petition and the hearing). It should therefore be held by the court, that the continuity of residence abroad was not broken by the trip to the United States.

(3) With respect to the absence of Zaoral during the period from August 1, 1936, to July 18, 1938, the Government contends that he must establish his continuous residence under the provisions of Section 1 of the Act of June 25, 1936, if at all.

On behalf of Mr. Zaoral it has been urged that a proper construction of Section 1 of the Act of 1936 should not require application for the benefits of the Act prior to the beginning of a period of residence abroad in the case of aliens who were in fact residing abroad at the time of the passage of the Act. Otherwise, it is urged, an alien resident abroad at the time of the pas-

sage of the Act, and engaged in employment which would entitle him to the benefits of the Act, could not, without actually returning to the United States, avoid a break in the continuity of his residence in the United States after June 25, 1936. Hence, it is contended, application for the benefits of the 1936 Act prior to the commencement of a period of residence abroad should be required only of those aliens who commence periods of residence abroad after the passage of the Act; and in the case of aliens resident abroad at the time of the passage of the Act, and whose residence abroad during the preceding five years is specifically covered by Section 2 of the Act, the Department of Labor should adopt a construction of the Act permitting the establishment of the facts to the satisfaction of the Secretary of Labor at any time prior to the hearing on the naturalization petition.

On behalf of Mr. Zaoral it is further urged that with the Act of 1934 still in effect, he was actually an alien declarant within the meaning of the law; that under Section 2 of the Act of June 25, 1936, he was not required to return to the United States for the purpose of obtaining the consent, or establishing to the satisfaction of the Secretary of Labor that his residence away from the United States was for the purpose of engaging in the development of foreign trade and commerce in the employ of an American firm or corporation, but that he may any time after the passage of the Act of June 25, 1936, if still so engaged, return to the United States and file his petition for naturalization, and if he shows to the satisfactions of the Secretary of Labor and the Court that during all such period of absence he has been employed by an American firm or corporation, he may be entitled to citizenship.

In its consideration of the case, the Board of Review regarded the lack of a valid Declaration of Intention as fatal and refused to approve the petition. The District Director in Chicago suggested to the Department that the case be discussed on the alternative assumption that the Act of 1934 excused this omission and that consideration be given of whether or not Zaoral's application for the benefits of the 1936 Act had been made in apt time. The Central Office again denied the Petition on the ground that Mr. Zaoral had a period of one year from June 25, 1936, to June 25, 1937, in which to make application for the benefits of the Act in question. Not having made this application until after he had been absent from the United States for a continuous period of more than one year subsequent to June 25, 1936, the continuity of his residence within the meaning of the Act of June 25, 1936, had been broken.

This position of the Government makes it necessary to construe the Act of June 25, 1936, to determine the time in which the application must be made in order to obtain the benefits of the Act. There is nothing in the Act itself limiting the time in which application for its benefits must be made. The Government has laid down a rule, or regulation, which has no support in the Law, but is simply and solely an administrative construction which, in the case at bar, would operate to deny the benefits of the Act to one of the class which it seeks to aid.

It is believed that the statement in Section 2 of the Act of June 25, 1936:

“No period of residence outside the United States during the five years immediately preceding the enactment of this Act (June 25, 1936) shall be held to have broken the continuity of residence, etc.,”

was intended to give the Act a retroactive effect and was not in any way intended as a limitation on the submission of an application at a later date or for a longer period of residence.

It should be borne in mind that the Act of June 25, 1936 was remedial legislation designed to aid persons who were engaged in promoting the interests of the United States in foreign countries and should be given a liberal construction which would accomplish its purpose. Under such a construction the failure of Petitioner to make his Application for Naturalization until his return to the United States in 1938, which was more than one year after June 25, 1936, is not fatal, as his employment had not been interrupted or changed and he had applied at his first opportunity to become a citizen. The continuity of his residence within the meaning of the Naturalization Laws had not been broken.

(4) On June 29, 1938, the Naturalization Laws were further amended to provide that:

“Absence from the United States for a continuous period of one year or more during the period for which continuous residence is required for admission to citizenship immediately preceding or during the period between the date of filing the petition and the date of final hearing, shall break the continuity of such residence.”

The last paragraph of the 1938 Act, however, provides:

“This amendment shall not affect cases of aliens who prior to the date of its enactment have established to the satisfaction of the Secretary of Labor, pursuant to an Act entitled ‘An Act to amend the naturalization laws in respect to residence requirements, and for other purposes’, approved June 25, 1936, that absence from the United States was to be or had been for the purpose of carrying on activities described therein.”

Under the construction of the Act of June 25, 1936, which would enable persons belonging to the classes intended to be aided to claim the benefits of the Act at any time prior to filing a petition, it would seem that such aliens may make such application for the benefits of the 1936 Act even after the passage of the 1938 Act, and the establishment of the facts concerning their employment to the satisfaction of the Secretary of Labor at any time prior to the filing of a petition for naturalization will constitute an establishment “pursuant to” the 1936 Act.

In construing Section 2 of the Act of June 25, 1936, as in full force and effect, no violence is done to the 1938 amendment. If it had been the intention of Congress to repeal or limit the Act of June 25, 1936, it should have been done by proper provision. The mere failure to mention Section 2 of the 1936 Act, while mentioning Section 1, is not sufficient reason for considering Section 2 as being repealed by implication. This is especially true when there is no conflict between the Acts of 1936 and 1938.

RECAPITULATION.

The facts as stated have been agreed upon by counsel for the Government and counsel for the Petitioner as a proper statement of the case before the Court. The Secretary of Labor is satisfied with all facts in the Zaoral matter, and that alien's employment abroad comes within the terms of the Act of June 25, 1936. The Court is asked to rule on all questions presented and makes the following ruling:

1. That under a proper construction of the 1934 amendment to the Cable Act of 1922 the Petitioner and others similarly situated, are relieved from the requirements of filing a Declaration of Intention for the purposes of the 1936 and 1938 Acts.
2. The return to the United States in July, 1936, at which time the Petitioner remained in the United States on the employer's business until August 1, 1936, did not break the continuity of his residence within the meaning of the Act as amended in 1936, for the reason that he was during all such time actually in the service of his employer and his filing of a Petition for Naturalization at that time would have been unavailing and useless.
3. Section 2 of the Act of June 25, 1936, is in full force and effect and was not repealed or modified by the joint resolution of Congress passed in 1938.



4. A proper construction of Section 1 of the Act of June 25, 1936, should not require application for the benefits of the Act prior to the beginning of a period of residence abroad in the case of aliens who were, in fact, residing abroad at the time of the passage of the Act and were engaged in the activities enumerated in the Act. The Act of June 25, 1936 was remedial legislation and designed to aid persons who were engaged in promoting the interests of the United States in foreign countries and should be given a liberal construction which would accomplish its purpose. Under such a construction an alien who had been continuously employed in the service of an American owned corporation in its foreign trade might any time upon his return to the United States after June 25, 1936, present his application and be given the benefits of the Act of 1936 as a resident in a foreign country while in the employ of an American owned corporation.
5. The Act of June 25, 1936, properly construed, would enable persons belonging to the classes intended to be aided to claim the benefits of the Act at any time prior to filing a petition, and such aliens may make such application for the benefits of the 1936 Act even after the passage of the 1938 Act, and the establishment of the facts concerning their employment to the satisfaction of the Secretary of Labor at any time prior to the filing of a Petition for Naturalization will constitute an establishment "pursuant to" the 1936 Act.

6. Section 2 of the Act of June 25, 1936, which provides:

“No period of residence outside the United States during the five years immediately preceding the enactment of this Act (June 25, 1936) shall be held to have broken the continuity of residence, etc.”

was intended to give the Act a retroactive effect and was not in any way intended as a limitation on the submission of an application at a later date or for a longer period of residence.

MICHAEL L. IGOE,  
*Judge United States District Court.*

Dated: February 17, 1939.

Basic Naturalization Act of June 29, 1906, as Amended,  
and as Reported by the House Committee on  
Immigration and Naturalization Is Set Forth as  
Follows:

“In compliance with paragraph 2-A of rule 13 of the Rules of the House of Representatives, changes in existing law made by this resolution are shown in the copy of existing law set out herein as follows (existing law in which no change is made is printed in roman, omitted matter is printed within black brackets, and the new matter is printed in italic):

*“Fourth Division of Section 4, Naturalization Act of June 29, 1906 (U. S. C. Title 8, Sec. 382), as Amended.*

“Fourth. No alien shall be admitted to citizenship unless (1) immediately preceding the date of his petition the alien has resided continuously within the United States for at least five years and within the county where the petitioner resided at the time of filing his petition for at least six months, (2) he has resided continuously within the United States from the date of his petition up to the time of his admission to citizenship, and (3) during all the periods referred to in this subdivision he has behaved as a person of good moral character, attached to the principles of the Constitution of the United States, and well disposed to the good order and happiness of the United States. At the hearing of the petition, residence in the county where the petitioner resides at the time of filing his petition, and the other qualifications required by the subdivision during such residence, shall be proved by the oral testimony of at least two credible witnesses, citizens of the United States, in addition to the affidavits required

by this act to be included in the petition. If the petitioner has resided in two or more places in such county and for this reason two witnesses cannot be procured to testify as to all such residence, it may be proved by the oral testimony of two such witnesses for each such place of residence, in addition to the affidavits required by this act to be included in the petition. At the hearing, residence within the United States but outside the county, and the other qualifications required by this subdivision during such residence, shall be proved either by depositions made before a naturalization examiner or by the oral testimony of at least two such witnesses for each place of residence.

“[If an individual returns to the country of his allegiance and remains therein for a continuous period of more than six months and less than one year during the period immediately preceding the date of filing the petition for citizenship for which continuous residence is required as a condition precedent to admission to citizenship, the continuity of such residence shall be presumed to be broken, but such presumption may be overcome by the presentation of satisfactory evidence that such individual had a reasonable cause for not returning to the United States prior to the expiration of such six months. Absence from the United States for a continuous period of one year or more during the period immediately preceding the date of filing the petition for citizenship for which continuous residence is required as a condition precedent to admission to citizenship shall break the continuity of such residence, except that in the case of an alien declarant for citizenship employed by or under contract with the Government of the United States or an American institution of research recognized as such by the Secretary of Labor, or employed by an American firm or corporation engaged in

whole or in part in the development of foreign trade and commerce of the United States or a subsidiary thereof, no period of residence outside the United States shall break the continuity of residence if (1) prior to the beginning of such period (whether such period begins before or after his departure from the United States) the alien has established to the satisfaction of the Secretary of Labor that his absence from the United States for such period is to be on behalf of such Government, or for the purpose of carrying on scientific research on behalf of such institution, or to be engaged in the development of such foreign trade and commerce or whose residence abroad is necessary to the protection of the property rights in such countries of such firm or corporation, and (2) such alien proves to the satisfaction of the court that his absence from the United States for such period has been for such purpose.]

*“Absence from the United States for a continuous period of more than six months and less than one year during the period for which continuous residence is required for admission to citizenship, immediately preceding the date of filing the petition for naturalization, or during the period between the date of filing the petition, and the date of final hearing, shall be presumed to break the continuity of such residence, but such presumption may be overcome by the presentation to the naturalization court of satisfactory evidence that such individual had a reasonable cause for not returning to the United States during such absence. Absence from the United States for a continuous period of one year or more during the period for which continuous residence is required for admission to citizenship immediately preceding the date of filing the petition for naturalization or during the period between the date of filing the petition and the date of final hearing,*



*shall break the continuity of such residence, except that in the case of an alien—*

*“(a) who has been lawfully admitted into the United States for permanent residence;*

*“(b) who has resided in the United States for at least one year thereafter; and*

*“(c) who has made a declaration of intention to become a citizen of the United States, who shall be deemed an eligible alien for the purposes of this paragraph, and who thereafter has been sent abroad as an employee of or under contract with the Government of the United States or who thereafter proceeded abroad as an employee or representative of or under contract with an American institution of research recognized as such by the Secretary of Labor, or as an employee of a firm or corporation engaged in the development of foreign trade and commerce of the United States, or a subsidiary thereof, or any such eligible alien as above defined, who has proceeded abroad temporarily and has within a period of one year of his departure from the United States become an employee or representative of or who is under contract with such an American institution of research, or has become an employee of such an American firm or corporation, no such absence shall break the continuity of residence in the United States if—*

*“(1) Prior to the beginning of such absence or prior to the beginning of such employment, contract, or representation on behalf of an American institution of research or an American firm or corporation as aforesaid, such alien has established to the satisfaction of the Secretary of Labor that his absence for such period is to be on behalf of such government or for the purpose of carrying on scientific research on behalf of such institution, or to be*



*engaged solely or principally in the development of such foreign trade, commerce, or whose residence abroad is necessary to the protection of the property rights abroad of such firm or corporation; and*

*“(2) Such alien proves to the satisfaction of the court that his absence from the United States for such period has been for such purpose.*

*“An alien who has been lawfully admitted into the United States for permanent residence, and who is the wife or husband of a citizen of the United States so engaged abroad within one of the above-mentioned categories, shall be considered as residing in the United States for the purpose of naturalization notwithstanding any absence from the United States.*

*“This amendment shall not affect cases of aliens who prior to the date of its enactment have established to the satisfaction of the Secretary of Labor, pursuant to an Act entitled ‘An Act to amend the Naturalization Laws in respect of residence requirements, and for other purposes,’ approved June 25, 1936, that absence from the United States was to be or had been for the purposes of carrying on activities described therein.*

*“No period of residence outside the United States during the five years immediately preceding the enactment of this act [June 25, 1936] shall be held to have broken the continuity of residence required by the naturalization laws if the alien proves to the satisfaction of the Secretary of Labor and the court that during all such period of absence he has been under employment by, or contract with, the United States, or such American institution of research, or American firm or corporation, described in section 1 hereof, and has been carrying on the activities described in this act in their behalf.”*

No. 9760.

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IN THE

# United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

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HANS SCHWARTZ,

*Appellant,*

*vs.*

UNITED STATES OF AMERICA,

*Appellee.*

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## BRIEF OF APPELLEE.

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MAY 15 1941



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No. 9760.

IN THE

# United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

---

HANS SCHWARTZ,

*Appellant,*

*vs.*

UNITED STATES OF AMERICA,

*Appellee.*

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## BRIEF OF APPELLEE.

---

### Preliminary Statement.

This is an appeal from an order of the District Court denying a petition for naturalization filed by Hans Schwartz under the Naturalization Act of June 29, 1906, as amended. (Secs. 3, 4, 34 Stat. 596; 37 Stat. 737; Title 8, U. S. C., Secs. 357, 379, 382.)

Following lawful admission on October 20, 1933, the appellant filed a Declaration of Intention to become a citizen in the United States District Court at Los Angeles, California, April 14, 1934. Thereafter the appellant resided in the United States until January 15, 1936, when he departed from the United States for England. He was then under contract as a motion picture director with the United Artists Corporation, Hollywood, California, and



was proceeding abroad solely in the employment of this corporation. The corporation was then engaged in the production and distribution of motion pictures in the United States and abroad. Prior to his departure at that time the appellant applied for and secured a "Permit to Reenter the United States," under the provisions of Section 10 of the Immigration Act of 1924 (8 U. S. C. A. 210). Appellant remained in England and in the employment of said corporation until September 20, 1937, when he was re-admitted to the United States through the port of New York.

Thus, the appellant had been absent from the United States for a period of twenty months immediately preceding the filing of his petition for citizenship on October 31, 1939.

His petition for naturalization was denied August 15, 1940, on the ground that his 20-month absence from the United States had broken the continuity of residence required by Section 4 of the Naturalization Act, as amended, the court having found that the appellant was not excepted from this requirement under the Act of June 25, 1936.

### Issue.

We agree with appellant that two issues are presented in this case:

1. Whether appellant, who was abroad when the Act of June 25, 1936, became law, could apply for the benefits of that act upon his return to the United States without regard to the time that return took place.

2. Whether appellant's application for the benefits of the Act of June 25, 1936, could be filed after that act had been repealed in part by the Act of June 29, 1938.

## Statutes.

The 4th subdivision of Section 4 of the Act of June 29, 1906 (34 Stat. 596) as amended by the Act of March 2, 1929 (45 Stat. 1513; 8 U. S. C. A. 382), provides that a petitioner for naturalization must have five years' continuous residence immediately preceding his admission to citizenship:

“No alien shall be admitted to citizenship unless  
(1) immediately preceding the date of his petition  
the alien has resided continuously within the United  
States for at least five years \* \* \*.”

and the second paragraph of the said Section 4 further provides:

“Absence from the United States for a continuous period of one year or more during the period immediately preceding the date of filing the petition for citizenship for which continuous residence is required as a condition precedent to admission to citizenship shall break the continuity of such residence.”

Exception was made, however, to the “continuous residence” provision by subsequent legislation in the Act of June 25, 1936 (49 Stat. 1925). This act amended the above quoted paragraph by striking out the period after the word “residence” at the end of the paragraph and inserted a comma in lieu thereof. The following provision was then added:

“\* \* \* except that in the case of an alien declarant for citizenship employed by an American

firm or corporation engaged in whole or in part in the development of foreign trade and commerce of the United States \* \* \*, no period of residence outside the United States shall break the continuity of residence if (1) *prior to the beginning of such period (whether such period begins before or after his departure from the United States) the alien has established to the satisfaction of the Secretary of Labor that his absence from the United States for such period is \* \* \* to be engaged in the development of such foreign trade and commerce \* \* \**, and (2) such alien proves to the satisfaction of the court that his absence from the United States for such period has been for such purpose.” (Emphasis ours.)

Section 2 of the Act of June 25, 1936, further provides that:

“Section 2. No period of residence outside the United States during the five years immediately preceding the enactment of this act shall be held to have broken the continuity of residence required by the Naturalization Laws if the alien proves to the satisfaction of the Secretary of Labor and the court that during all such period of absence he has been under employment by, or contract with, the United States, or such American institution of research, or corporation, described in Section 1 hereof, and has been carrying on the activities described in this act in their behalf (49 Stat. 1925).”

The Act of June 25, 1936, was subsequently amended by the Act of June 29, 1938 (52 Stat. 1247) and in the Congressional report the proposed legislation indicated by brackets what portion of the existing law was to be omitted. There was included therein all of Section 1 of the Act of June 25, 1936, above quoted. Section 2 of the 1936 Act was indicated as existing legislation which was not to be changed. It was in this form that the proposed legislation finally became law by the Act of June 29, 1938, and the amendment reads as follows:

“Absence from the United States for a continuous period of more than six months and less than one year during the period for which continuous residence is required for admission to citizenship, immediately preceding the date of filing the petition for naturalization, or during the period between the date of filing the petition, and the date of final hearing, shall be presumed to break the continuity of such residence, but such presumption may be overcome by the presentation to the naturalization court of satisfactory evidence that such individual had a reasonable cause for not returning to the United States during such absence. Absence from the United States for a continuous period of one year or more during the period for which continuous residence is required for admission to citizenship immediately preceding the date of filing the petition for naturalization or during the period between the date of filing the petition and the date of final hearing, shall break the continuity of such residence, except, that in the case of an alien—

(a) who has been lawfully admitted into the United States for permanent residence.

(b) who has resided in the United States for at least one year thereafter, and

(c) who has made a declaration of intention to become a citizen of the United States, who shall be deemed an eligible alien for the purposes of this section and who thereafter has been sent abroad as an employee of or under contract with the Government of the United States, or who thereafter proceeded abroad as an employee or representative of, or under contract with an American institution of research recognized as such by the Secretary of Labor, or as an employee of a firm or corporation engaged in the development of foreign trade and commerce of the United States, or a subsidiary thereof, or any such eligible alien as above defined who has proceeded abroad temporarily and has within a period of one year of his departure from the United States become an employee or representative of, or who is under contract with such an American institution of research, or has become an employee of such an American firm or corporation, no such absence shall break the continuity of residence in the United States if—

(1) Prior to the beginning of such absence, or prior to the beginning of such employment, contract, or representation on behalf of an American institution of research or an American firm or corporation as aforesaid, such alien has established to the satisfaction of the Secretary of Labor that his absence

for such period is to be on behalf of such government or for the purpose of carrying on scientific research on behalf of such institution, or to be engaged solely or principally in the development of such foreign trade and commerce, or whose residence abroad is necessary to the protection of the property rights abroad of such firm or corporation; and

(2) Such alien proves to the satisfaction of the court that his absence from the United States for such period has been for such purpose.”

The amendment of June 29, 1938, to the Act of June 25, 1936, included therein the following saving clause:

“This amendment shall not affect cases of aliens who prior to the date of its enactment have established to the satisfaction of the Secretary of Labor, pursuant to an Act entitled ‘An Act to amend the Naturalization Laws in respect of residence requirements, and for other purposes,’ approved June 25, 1936, that absence from the United States was to be or had been for the purposes of carrying on activities described therein.”



## ARGUMENT.

### On the First Issue.

With respect to appellant's absence during the period from January 15, 1936, to June 25, 1936 (date of passage), it would seem that he may take advantage of the provisions of Section 2 of the Act of June 25, 1936. Counsel has noted that the language of this section is silent as to the time for making an application for its benefits (Opening Brief, p. 10). Consequently, it would appear that such application may be made at any time after the passage of the 1936 Act for that portion of the period of appellant's residence outside of the United States prior to passage of the said 1936 Act.

With respect to the remainder of his absence dating from the passage of the act on June 25, 1936, to September 10, 1937, when the appellant returned to the United States, continuity of residence must be established under the provisions of Section 1 of the Act of 1936, if at all.

Attention is invited to the parenthetical phrase included in Section 1 of the 1936 Act, "whether such period begins before or after his departure from the United States." Use of this phrase gives authority for according the exempting benefits of the law to an applicant whose employment comes within its terms notwithstanding he might have left the United States before application therefor has been made. But the act clearly requires the establishment of the facts concerning an alien's employment to be made to the satisfaction of the Secretary of Labor "prior to the beginning of such period." The appellant failed to make application to the Secretary of Labor for the required finding before one year had elapsed after the effective date of the amendment on June 25, 1936. Having been

continuously absent from this country during that period (June 25, 1936, to June 25, 1937), it must be concluded that the continuity of his residence has been broken by this absence of one year's duration. This interruption of the continuity of residence for naturalization purposes was due jointly to failure to apply to the Secretary of Labor for the finding as to the purpose of absence (after the approval of the Act of June 25, 1936) until more than one year of continuous absence from the United States had ensued; and, operation of the basic provision of law that absence from this country for a continuous period of one year or more breaks the continuity of residence for naturalization purposes. Had Mr. Schwartz submitted an application to the Secretary of Labor for a finding as to the purpose of his absence before one year had elapsed subsequent to June 25, 1936, he might have been accorded the exemption benefits of the measure for that portion of his absence after submission of his application. In that event his absence subsequent to approval of the act and before submission of his application to the Secretary of Labor being of less than one year's duration, would not have conclusively broken the continuity of his residence but would have raised the presumption of interrupted residence subject to rebuttal under the law through presentation of proof to the naturalization court that he had a reasonable cause for not returning to the United States during that period.

Neither in the House nor in the Senate was there any extensive or important discussion of the bill which later

became the Act of June 25, 1936 (H. R. 4900). A part of the very brief committee report accompanying the bill has been quoted by counsel (Opening Brief, p. 12). The paragraph following that part quoted by counsel reads as follows:

“The safeguards against possible abuses of the relief granted by this bill are so well covered by limitations stated in the bill that prompt enactment of this measure will safely extend needed relief to a limited group of aliens who have already demonstrated that their admission to citizenship will in all probability prove advantageous to national public welfare and progress.”

One of the safeguards mentioned was that requirement, previously pointed out, which calls for application to be made before the beginning of the period of foreign residence. Enjoyment of the benefits accorded persons excepted by this act was limited to those whose applications were approved prior to the beginning of the residence for which exemption was claimed.

As pointed out by the District Court [R. 13] the requirements of naturalization must be rigidly enforced and strictly construed in favor of the government and against the applicant, and any doubt as to the merit of the application must be resolved in favor of the government.

“But if there is any doubt as to the proper construction of this statute, \* \* \* then that construction must be adopted which is most advantageous to the interests of the government. The statute being a grant of a privilege, must be construed most strongly in favor of the grantor.”

*Hannibal etc. v. Packet Company*, 125 U. S. 260.

The naturalization statute, being a conditional grant of privilege by the government, must be construed in favor of the government.

*United States v. Schwimmer*, 279 U. S. 644;

*United States v. Macintosh*, 283 U. S. 605;

*United States v. Ginsberg*, 243 U. S. 472;

*United States v. Manzi*, 276 U. S. 463.

On this point the court in *United States v. Macintosh*, *supra*, at page 626, said:

“The Naturalization Act is to be construed ‘with the definite purpose to favor and support the government.’ ”

### On the Second Issue.

As has been pointed out by the lower court [R. 12]:

“\* \* \* the 1938 amendment of the language of the exception added by the 1936 amendment does not in any way affect Mr. Schwartz. Thus, whether we apply the 1936 or the 1938 exception to Mr. Schwartz, the result is the same.”

This is apparent from the language of the statute. An alien who could have obtained benefits under Section 1 of the 1936 Act is not precluded from obtaining those same benefits after the apparent repeal of Section 1 by the 1938 Act if he complies with the 1938 Act by “prior to the beginning of such absence, or prior to the beginning of such employment, contract, or representation on behalf of an American institution of research or an American firm or corporation as aforesaid,” he establishes to the satisfaction of the Secretary of Labor he is eligible to

receive the exemption. As pointed out by the court in commenting upon that portion of the act relating to interruption of residence [R. 12]:

“\* \* \* except for the inclusion of the language with respect to the period between the date of filing the petition and the date of final hearing (which does not concern Mr. Schwartz), the above indicated portion of the act has merely been recast.”

The 1938 Act requires the alien to establish his eligibility for exemption *prior* to the beginning of his foreign employment. This is a re-enactment of the same requirement contained in the 1936 Act. This very fact indicates that Congress had no intention of permitting aliens to apply for the benefits under the act *after* the beginning of the period of foreign employment, or, as in the case at bar, after the alien had returned to the United States. If this was the intent, no purpose would have been served by including in the act the words, “*Prior* to the beginning of such absence \* \* \*.” We submit that the plain language speaks for itself.

The appellant was absent from the United States after the passage of the 1936 Act for more than a year, *i. e.*, during the period June 25, 1936, to September 20, 1937. After his return to the United States he remained silent until after the passage of the 1938 Act, when on June 12, 1939, for the first time he made application to establish the facts of his employment for one of the purposes specified in the said act. The period of his absence for which he could have claimed the benefits of the act commenced while abroad and by making timely application in due form he could have received the benefits of the act. He failed to do so.

The naturalization statute states, "Absence from the United States for a continuous period of one year or more \* \* \* shall break the continuity of such residence." Schwartz resided outside the United States for more than one year after the passage of the exempting act of June 25, 1936, and did not make formal application to establish his exemption from the operation of the former statute during the entire period of that absence, which was for the period of one year, two months and twenty-five days, June 25, 1936, to September 20, 1937. In fact, formal application for the benefits of the 1936 Act exempting him from the operation of the statute breaking continuity of residence was not executed until the period of a year, eight months and twenty-two days had elapsed after appellant returned to the United States (*i. e.*, he returned on September 20, 1937, and executed application June 12, 1939).

Counsel has appended to his brief a full statement of the opinion rendered by the United States District Court at Chicago, Illinois, in the case of *Charles Theodore Zarool*. In that case the court ruled that an alien who had been continuously employed in the service of an American owned corporation in its foreign trade might at any time upon his return to the United States after June 25, 1936, present his application and be given the benefits of the Act of 1936 as a resident in a foreign country while in the employ of an American owned corporation. The *Zarool* case was considered by the lower court in the case at bar, but Judge Jenney could not entirely follow that decision [R. 14].



Conclusion.

It is submitted that the facts and the law clearly show that appellant is not entitled to naturalization and appellee therefore respectfully urges that the decision of the court below should be affirmed.

Respectfully submitted,

WM. FLEET PALMER,

*United States Attorney,*

By RALPH E. LAZARUS,

RALPH E. LAZARUS,

*Assistant United States Attorney.*

*Attorneys for Appellee.*

United States  
Circuit Court of Appeals

For the Ninth Circuit.

MISUYE KOBAYASHI,

Appellant,

vs.

WILLIAM A. CARMICHAEL, District Director,  
United States Immigration and Naturalization  
Service, Department of Justice,

Appellee.

Transcript of Record

Upon Appeal from the District Court of the United  
States for the Southern District of California,  
Central Division

FILED

APR - 3 1941

PAUL P. O'BRIEN,  
U.S. DIST. CT.



United States  
Circuit Court of Appeals

For the Ninth Circuit.

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MISUYE KOBAYASHI,

Appellant,

vs.

WILLIAM A. CARMICHAEL, District Director,  
United States Immigration and Naturalization  
Service, Department of Justice,

Appellee.

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Transcript of Record

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Upon Appeal from the District Court of the United  
States for the Southern District of California,  
Central Division



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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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## NAMES AND ADDRESSES OF ATTORNEYS

For Appellant:

THEODORE E. BOWEN, Esq.,  
615 Broadway Arcade Bldg.,  
542 South Broadway,  
Los Angeles, Calif.

For Appellee:

WM. FLEET PALMER, Esq.,  
United States Attorney,  
RUSSELL K. LAMBEAU, Esq.,  
Assistant United States Attorney,  
R. F. DUNI, Esq.,  
Assistant United States Attorney,  
600 U. S. Postoffice & Courthouse Bldg.,  
Los Angeles, Calif. [1\*]

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\*Page numbering appearing at foot of page of original certified Transcript of Record.

In the District Court of the United States for the  
Southern District of California,  
Central Division  
No. 14569-M

In the Matter of

MISUYE KOBAYASHI,  
on Habeas Corpus.

COMPLAINT AND PETITION FOR WRIT  
OF HABEAS CORPUS

The complaint and petition of Tomekichi Kobayashi, the husband and next of friend of Misuye Kobayashi, respectfully shows:

I.

That your petitioner, Tomekichi Kobayashi, is a native born American citizen, having been born in the Territory of Hawaii on February 2, 1902; that Misuye Kobayashi, hereinafter referred to as the "detained", is the wife of your petitioner and was married to him in the year 1926;

That your petitioner and the detained have three children, all of whom are native born American citizens, namely,

Jack Kobayashi, born at Los Angeles, California, on September 19th, 1928; Frank Kobayashi, born at Los Angeles, California, on July 31, 1930; and Raymond Kobayashi, born at Los Angeles, California, on February 15, 1933.

## II.

That the detained is now actually imprisoned and restrained of her liberty and detained by color of authority of the United States of America in the custody of William A. Carmichael, District Director, United States Immigration and Naturalization Service, Department of Justice of the United States of America, to wit, in the City of Los Angeles, State of California;

That said imprisonment, restraint and detention are unlawful and illegal, and the illegality thereof consists of the facts and matters herein alleged. [2]

## III.

That the sole claim or authority by virtue of which said William A. Carmichael, District Director of the United States Immigration & Naturalization Service, as aforesaid, so restrains said detained is a certain warrant issued by the Attorney General of the United States ordering and directing the deportation of said detained to Japan, solely on the alleged charges and findings "that you violated the laws of the United States, to wit, the Act of 1924 in that at the time of your entry you were not in possession of an unexpired visa; and that you are an alien ineligible to citizenship and are not exempted by paragraph c, Section 13 thereof."

## IV.

That the said charges in the said Warrant of Deportation do not state facts sufficient to constitute grounds sufficient for deportation.

## V.

That there is no evidence in the record before the United States Immigration Service to support the charges contained in said Warrant of Deportation and in truth and in fact the evidence adduced conclusively establishes that at the time of the last entry of Misuye Kobayashi to the United States she had in her possession a visa entitling her to enter the United States.

## VI.

That the deportation of said Misuye Kobayashi is barred by the provisions of Section 19 of the Immigration Act of 1917 in that she has resided in the United States for more than three consecutive years, to wit, since about April 1, 1927.

## VII.

That said petitioner immigrated permanently from Japan and took up her residence in Mexico in the year 1927; that her residence was taken in Mexico to enable her to be near her husband; [3] that there is no authority in law to deport the detained to any place other than Mexico, the country from which she came.

## VIII.

That the Secretary of Labor and the Attorney General of the United States of America, and those acting in assistance of them, including respondent herein, have acted unfairly and unjustly, and abused their discretion and deprived the detained of due

process of law in the following particulars, to wit:

That no proper record was kept of the hearing before a Board of Special Inquiry held on the 2nd day of March, 1927, at San Ysidro, California, at which time the detained was an applicant for admission to the United States and had in her possession an immigration visa entitling her to enter; that Section 17 of the Immigration Act of 1917 (8 USCA, Sec. 154) provides that Boards of Special Inquiry shall keep a complete, permanent record of their proceedings and of all such testimony as may be produced before them; that no such record was kept of the said hearing and that the detained was thereby deprived of such record and that if such record had been produced it would have conclusively established that the detained was not deportable and that her deportation was barred.

#### IX.

That no previous application for a Writ of Habeas Corpus has been made in this matter; that this petition cannot be heard on notice for the reason that respondent is threatening to deport the detained from the United States forthwith and before this petition can be heard on notice. That petitioner's counsel will orally notify the respondent of the time and place when he will present this petition to the Honorable Court.

#### X.

That your petitioner has not in his custody or possession a complete copy of the immigration rec-



ords and proceedings applicable [4] to the deportation of said detained and cannot procure copies thereof to file with this petition; that petitioner prays that respondent be ordered to file with this Court a certified copy of said proceedings and records and the whole thereof and petitioner stipulates and agrees when said records and evidence are received and presented for consideration, that said records and evidence be of the same force and effect as if filed herewith as part and parcel of this petition.

Wherefore petitioner prays that a Writ of Habeas Corpus issue out of and under the seal of this Court directing the said William A. Carmichael, District Director of the United States Immigration Service, as aforesaid, to have the body of Misuye Kobayashi before this Honorable Court at a time and place to be in said Writ specified, together with the true cause of her detention, to the end that due inquiry may be had in the premises, and petitioner prays that this Court may proceed in a summary way to determine the facts in the case and the legality of said detained's imprisonment, restraint and detention, and thereupon to dispose of detained as law and justice require.

THEODORE E. BOWEN,  
Attorney for Petitioner,  
542 South Broadway,  
Los Angeles, California,  
Vandyke 5483.

ORDER

Let the Writ of Habeas Corpus prayed for issue, returnable before the Court at 2 o'clock P. M. on the 25th day of November, 1940.

Pending hearing and the order thereon, it is ordered that said Misuye Kobayashi be released on furnishing bond in the sum of \$1,000.00.

Dated Oct. 28, '40, at 2 p. m.

PAUL J. McCORMICK,  
Judge. [5]

State of California,  
County of Los Angeles—ss.

Tomekichi Kobayashi, being by me first duly sworn, deposes and says: that he is the Petitioner in the above entitled action; that he has heard read the foregoing Complaint and Petition and knows the contents thereof; and that the same is true of his own knowledge, except as to the matters which are therein stated upon his information or belief, and as to those matters that he believes it to be true. That he makes this verification on behalf of his wife who does not read English.

TOMEKICHI KOBAYASHI.

Subscribed and sworn to before me this 4th day of October, 1940.

[Notarial Seal] CHARLOTTE RASSAU,  
Notary Public in and for the County of Los  
Angeles, State of California.

My Commission expires Jan. 17, 1943.

[Endorsed]: Filed Oct. 28, 1940. [6]

[Title of District Court and Cause.]

## WRIT OF HABEAS CORPUS

The President of the United States to:

William A. Carmichael, District Director of Immigration of the United States, for the Los Angeles District:

Greeting:

You are hereby commanded to have the body of Misuye Kobayashi by you imprisoned, by whatever name she shall be called, the petitioner for a Writ of Habeas Corpus, in the above-entitled case, before the above-entitled Court and the Honorable Paul J. McCormick, Judge of said Court, in the courtroom of said Court in the City of Los Angeles, California, on the 25 day of November, 1940, at 2:00 P. M., to do and receive what shall then and there be commanded in the premises, and have you then and there this Writ.

Witness: The Honorable Paul J. McCormick, Judge of the said United States District Court for the Southern District of California, Central Division.

Dated this 28 day of October, 1940.

(Seal)

R. S. ZIMMERMAN,

Clerk.

By GEO. E. RUPERICH,

Deputy.

Received the original writ and copy of complaint this 28 day of Oct., 1940.

ALBERT DEL GUESIN,

For Respondent.

[Endorsed]: Filed Feb. 27, 1941. [7]

[Title of District Court and Cause.]

## RETURN TO WRIT OF HABEAS CORPUS

I, William A. Carmichael, District Director of U. S. Immigration and Naturalization Service, Los Angeles, California, District No. 20, Respondent herein, for my Return to Writ of Habeas Corpus herein, do hereby certify that I am unable to produce the body of Misuye Kobayashi before this Honorable Court this 25th day of November, 1940, for the reason that the said Misuye Kobayashi was released on bond in the sum of \$1,000.00 by order of this Honorable Court made and entered on October 28, 1940.

For further Return to said Writ I hereby certify that the true cause of the detention of the aforesaid Misuye Kobayashi is the authority contained in a certain warrant of deportation duly and regularly issued the 5th day of September, 1940, by W. W. Brown, Chief, Warrant Branch, U. S. Immigration and Naturalization Service, Department of Justice, after a hearing duly and regularly held before an Immigrant Inspector of the United States.

Department of Justice file No. 56010/22, duly certified, and copy of said warrant of deportation are attached hereto and made a part hereof.

Respectfully submitted,

WILLIAM A. CARMICHAEL,

District Director of U. S. Immigration and  
Naturalization Service, Los Angeles,  
California, District No. 20, Respond-  
ent. [8]

## EXHIBIT "A"

## WARRANT—DEPORTATION OF ALIEN

United States of America

Department of Justice

Washington

16539/1525

No. 56010/22

To: District Director of Immigration and Naturalization, Los Angeles, Calif.

Or to any Officer or Employee of the United States Immigration and Naturalization Service.

Whereas, from proofs submitted to me, Chief, Warrant Branch, after due hearing before an authorized immigrant inspector, I have become satisfied that the alien, Mitsu or Misuye Kobayashi, who entered the United States near San Ysidro, Calif., on about the 3rd day of March, 1927, subject to deportation under the following provisions of the laws of the United States, to wit: The Act of 1924, in that at the time of her entry she was not in possession of an unexpired immigration visa; and that she is an alien ineligible to citizenship and is not exempted by paragraph (c) Section 13, thereof.

I, the undersigned officer of the United States, by virtue of the power and authority vested in me by and under the laws of the United States, do hereby command you to deport the said alien to Japan, at the expense of the appropriation, "General Expenses, Immigration and Naturalization Service, 1941," including the expenses, of an attendant, if

necessary. Delivery of the alien and acceptance for deportation will serve to cancel the outstanding appearance bond. This warrant supersedes formal warrant of deportation dated December 18, 1939, and telegraphic warrant of deportation dated January 22, 1940.

For so doing this shall be your sufficient warrant.

Witness my hand and seal this 5th day of September, 1940.

/s/ W. W. BROWN,  
Chief, Warrant Branch.

AG [9]

Received copy hereof this 25 day of November, 1940.

THEODORE E. BOWEN,  
Attorney for Petitioner.

[Endorsed]: Filed Nov. 25, 1940. [10]

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At a stated term, to wit: The September Term, A. D. 1940 of the District Court of the United States of America, within and for the Central Division of the Southern District of California, held at the Court Room thereof, in the City of Los Angeles on Wednesday the 18th day of December in the year of our Lord one thousand nine hundred and forty.

Present:

The Honorable: Paul J. McCormick, District Judge.



No. 14,569-M Crim.

In the Matter of Petition of

MISUYE KOBAYASHI

For a Writ of Habeas Corpus

This matter coming before the Court for hearing on Return to Writ; Theodore E. Bowen, Esq., appearing as counsel for the petitioner; R. F. Duni, Assistant U. S. Attorney, and A. Del Guercio, Agent, Immigration Department, appearing in behalf of the respondent; and A. Wahlberg, Court Reporter, being present and reporting the testimony and the proceedings; at 10:30 o'clock A. M. both sides answering ready, it is ordered that counsel proceed.

Attorney Bowen argues in support of Petition for Writ.

At 10:45 o'clock A. M. Court recesses. At 11 o'clock A. M. Court reconvenes, and all being present as before, Attorney Bowen resumes argument; at 11:02 o'clock A. M., Agent Del Guercio argues in opposition; at 11:20 o'clock A. M. Attorney Bowen argues in closing; and at 11:40 o'clock A. M. the Court renders oral opinion and decision and orders that the petition be dismissed and the alien remanded to the custody of the U. S. Immigration Service for such action that may be deemed advisable and prudent in this matter. [11]

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice is hereby given that Misuye Kobayashi, the petitioner in the above entitled matter, hereby appeals to the United States Circuit Court of Appeals for the Ninth Circuit, from the judgment of the District Court of the United States, in and for the Southern District of California, Central Division, discharging the Writ of Habeas Corpus heretofore issued and remanding the petitioner to the custody of Immigration authorities.

Dated at Los Angeles, California, this 30th day of December, 1940.

THEODORE E. BOWEN,

Attorney for Petitioner.

Copy of notice mailed to Wm. A. Carmichael, District Director of Immigration and Naturalization, 12/30/40.

R. S. ZIMMERMAN,

Clerk.

By E. L. S.

Received copy of the within Notice of Appeal this 30th day of December, 1940.

RUSSELL K. LAMBEAU,

By ANN HODGE,

Attorney for Respondent.

[Endorsed]: Filed Dec. 30, 1940. [12]

[Title of District Court and Cause.]

COST BOND ON APPEAL

\$250.00

Know All Men by these presents:

That the undersigned, Western Surety Company, a corporation, authorized to transact a general surety business in the State of California, is held and bound unto the United States of America, in the full and just sum of Two Hundred Fifty & No/100 (\$250.00) Dollars, to be paid to the said United States of America, its certain attorney, executors, administrators, or assigns, to which payment well and truly to be made we bind ourselves, our heirs, executors and administrators, jointly and severally by these presents;

Sealed with our seal and dated this 30th day of December, 1940.

Whereas, lately in the District Court of the United States for the Southern District of California, Central Division, in a Habeas Corpus proceeding in said Court, between Mitsu or Misuye Kobayashi, the Petitioner, and the Respondent Wm. A. Carmichael, District Director of Immigration, an Order, Judgment and Decree was rendered against the said Petitioner, discharging the Writ of Habeas Corpus and remanding the said Petitioner into the custody of the aforesaid Respondent, and the said Petitioner having filed a Notice of Appeal to the United States Circuit Court of Appeals for the Ninth Circuit;

Now therefore, the conditions of the above obligation is such that if the said Petitioner, Mitsu or Misuye Kobayashi shall prosecute her appeal to effect and answer all costs if she [13] fails to make good her plea, then the obligation to be void, otherwise to remain in full force and virtue.

(Seal)

WESTERN SURETY  
COMPANY,  
P. F. KIRBY,  
Vice-President,

Attorney-in-Fact.

State of California,  
County of Los Angeles—ss.

On this 30th day of December, A. D. 1940, before me, Marva Weede, a Notary Public in and for said County and State, personally appeared P. F. Kirby, Vice-Pres. of Western Surety Co., known to me to be the person whose name is subscribed to the within instrument, as the Attorney-in-Fact of Western Surety Company, and acknowledged to me that he subscribed the name of Western Surety Company thereto as principal and his own name as Attorney-in-Fact.

In witness whereof, I have hereunto set my hand

and affixed my official seal the day and year in this certificate first above written.

[Seal]

MARVA WEEDE,  
Notary Public in and for said County  
and State.

My Commission expires February 3, 1942.

Examined and recommended for approval as provided in Rule 28.

THEODORE E. BOWEN,  
Attorney.

[Endorsed]: Filed Dec. 30, 1940. [14]

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[Title of District Court and Cause.]

STIPULATION REGARDING ORIGINAL  
RECORDS AND FILES OF DEPARTMENT  
OF LABOR.

It is hereby stipulated and agreed, by and between Theodore E. Bowen, attorney for Misuye Kobayashi, appellant, and William Fleet Palmer, attorney for William A. Carmichael, District Director of the United States Immigration Service, appellee, that the original files and records of the Department of Justice covering the deportation proceedings against the petitioner which were filed in the hearing in the above entitled cause, may be by the Clerk of this Court sent up to the Clerk of the Circuit Court of Appeals for the Ninth Circuit, as part of the Appellate Record, in order that the said original immigration files may be considered by the

Circuit Court of Appeals for the Ninth Circuit in lieu of a certified copy of said records and files and that said original records may be transmitted as part of the appellate record.

Dated this 5 day of February, 1941.

THEODORE E. BOWEN,

Attorney for Appellant.

WILLIAM FLEET PALMER,

By RUSSELL K. LAMBEAU,

Attorneys for Appellee.

[Endorsed]: Filed Feb. 6, 1941. [15]

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[Title of District Court and Cause.]

ORDER FOR TRANSMISSION OF  
ORIGINAL EXHIBITS

On stipulation of counsel, it is by the Court ordered that the original records of the United States Immigration Office filed herein on the return of the respondent, William A. Carmichael, District Director of the United States Immigration Service, to the Writ of Habeas Corpus, be transmitted by the Clerk of this Court to the United States Circuit Court of Appeals for the Ninth Circuit, as original exhibits in lieu of certified copy of said records and files, and that the same need not be printed.

Dated this 6th day of Feb., 1941.

PAUL J. McCORMICK,

Judge.

[Endorsed]: Filed Feb. 6, 1941. [16]



[Title of District Court and Cause.]

CERTIFICATE OF CLERK

I, R. S. Zimmerman, Clerk of the United States District Court for the Southern District of California, do hereby certify that the foregoing pages, numbered 1 to 19, inclusive, contain full, true and correct copies of the Complaint and Petition for Writ of Habeas Corpus; Order for Writ of Habeas Corpus; Writ of Habeas Corpus; Return on Writ of Habeas Corpus; Judgment; Notice of Appeal; Cost Bond on Appeal; Stipulation and Order for Transmission of Original Exhibits on Appeal; Statement of Points on Which Appellant Intends to Rely on Appeal; Order Extending Time to File Record and Docket Cause on Appeal; and Designation of Contents of Record on Appeal; which, together with the original Record and File of the United States Immigration Service, constitute the record on appeal to the United States Circuit Court of Appeals for the Ninth Circuit.

I do further certify that the Clerk's fee for comparing, correcting and certifying the foregoing record amounts to \$5.15, which fee has been paid to me by the Appellant.

Witness my hand and the seal of said District Court, this 28th day of February, A. D. 1941.

(Seal)

R. S. ZIMMERMAN,

Clerk,

By EDMUND L. SMITH,

Deputy Clerk.

[Endorsed]: No. 9764. United States Circuit Court of Appeals for the Ninth Circuit. Misuye Kobayashi, Appellant, vs. William A. Carmichael, District Director, United States Immigration and Naturalization Service, Department of Justice, Appellee. Transcript of Record. Upon Appeal from the District Court of the United States for the Southern District of California, Central Division.

Filed March 3, 1941.

PAUL P. O'BRIEN,  
Clerk of the United States Circuit Court of Appeals  
for the Ninth Circuit.

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In the United States Circuit Court of Appeals  
For the Ninth Circuit

No. 9764

In the Matter of  
MISUYE KOBAYASHI,  
On Habeas Corpus.

STATEMENT OF THE POINTS ON WHICH  
APPELLANT INTENDS TO RELY ON AP-  
PEAL AND DESIGNATION OF THE  
PARTS OF THE RECORD WHICH AP-  
PELLANT THINKS NECESSARY FOR  
THE CONSIDERATION THEREOF.

The points upon which appellant intends to rely  
on appeal are as follows:

I.

The Court erred in remanding Misuye Kobayashi  
to the custody of the United States Immigration  
Service for deportation.

## II.

The Court erred in holding and deciding that the Writ of Habeas Corpus should be dismissed and discharged.

## III.

The Court erred in holding and deciding that there was substantial testimony to sustain the findings on which the Warrant for Deportation of Misuye Kobayashi was based.

The parts of the record which appellant thinks necessary for consideration are:

1. Complaint and Petition for Writ of Habeas Corpus; (Record ps. 2 to 5).
2. Writ of Habeas Corpus (Record p. 7).
3. Return to Writ of Habeas Corpus (Record p. 8).
4. Judgment dismissing and discharging Writ of Habeas Corpus and remanding Misuye Kobayashi to the United States Immigration Service for deportation, dated December 18, 1940 (Record p. 11).
5. Notice of Appeal (Record p. 12).
6. Cost Bond on appeal (Record p. 13).
7. Stipulation regarding original records and files of Department of Labor (Record p. 15).
8. Order for transmission of original records (Record p. 16).

THEODORE E. BOWEN,  
Attorney for Appellant.

State of California,  
County of Los Angeles—ss.

Lucette Engh, being first duly sworn, says: That affiant is a citizen of the United States and a resident of the County of Los Angeles; that affiant is over the age of eighteen years and is not a party to the within action; that affiant makes this service on behalf of attorney for appellant, whose address is 542 South Broadway, Los Angeles, California; That on the 28th day of February, A. D. 1941 affiant served the within Statement of the Points on which Appellant Intends to Rely on Appeal and designation of the parts of the record which appellant thinks necessary for the consideration thereof on the respondent in said action, by placing a true copy thereof in an envelope addressed to the attorney for respondent at the business address of said attorney for respondent, as follows: Ben Harrison, United States Attorney, Federal Building, Los Angeles, California, and then sealing said envelope and depositing the same, with postage thereon fully prepaid, in the United States Post Office at Los Angeles, Calif. That there is delivery service by United States mail at the place so addressed..... there is a regular communication by mail between the place of mailing and the place so addressed.

LUCETTE ENGH.

Subscribed and sworn to before me this 28th day of February, 1941.

(Seal)

GEORGE COHEN,

Notary Public in and for said County and State.

[Endorsed]: Filed March 3, 1941. Paul P. O'Brien, Clerk.



No. 9764

IN THE

# United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

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MISUYE KOBAYASHI,

*Appellant,*

*vs.*

WILLIAM A. CARMICHAEL, District Director, United  
States Immigration and Naturalization Service, De-  
partment of Justice,

*Appellee.*

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## OPENING BRIEF OF APPELLANT.

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THEODORE E. BOWEN,  
615 Broadway Arcade Building, Los Angeles.  
*Attorney for Appellant.*

FILED

APR 21 1941





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No. 9764

IN THE

United States Circuit Court of Appeals  
FOR THE NINTH CIRCUIT

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MISUYE KOBAYASHI,

*Appellant,*

*vs.*

WILLIAM A. CARMICHAEL, District Director, United  
States Immigration and Naturalization Service, De-  
partment of Justice,

*Appellee.*

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OPENING BRIEF OF APPELLANT.

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Statement of Jurisdictional Matters.

This is an appeal from an Order of the District Court of the United States, in and for the Southern District of California, discharging a Writ of Habeas Corpus and remanding Misuye Kobayashi to the custody of the United States Immigration Service.

The District Court by statute has been given power to issue writs of habeas corpus. (28 U. S. C. A. 451.)

An appeal from an Order discharging a Writ of Habeas Corpus lies with the Circuit Court of Appeals. (28 U. S. C. A. 463.)

The pleadings showing the existence of the jurisdiction are, the complaint and petition for writ of habeas corpus [Tr. of Record p. 2], and the return thereto [Tr. of Record p. 9].

## Statement of the Case.

The records of the Department of Labor covering the deportation proceedings against Misuye Kobayashi have been filed with the clerk of this Court as an original exhibit pursuant to the Order of the District Court. [Tr. of Record p. 17.] Those records throughout this brief will be referred to as "Immigration File." The printed transcript of the proceedings of the District Court will be referred to as "Transcript of Record."

Misuye Kobayashi is a subject of Japan. It is undisputed that in the year 1926 she left Japan, having in her possession a valid Japanese passport and a visa thereon, issued by an American Consul, entitling her to enter the United States as a visitor. She presented herself at San Francisco December 14, 1926, when she was refused the right to enter as a visitor, but was allowed to go through the United States in transit to Mexico. While her visitor's visa was still in effect she re-entered the United States surreptitiously from Mexico in March or April, 1927, and has resided here continuously ever since. Her husband and two children are all native born American citizens, and of course are not involved in the deportation proceedings.

The deportation proceedings were not instituted until April 19, 1939, or approximately twelve years after her entry.

At the conclusion of the deportation proceedings the Secretary of Labor issued a warrant for her deportation to Japan on the following charges:

(1) "She is in the United States in violation of the Immigration Act of 1924, and at the time of entry she was not in possession of an unexpired Immigration Visa;"

(2) "She is in the United States in violation of the Immigration Act of 1924 in that she is an alien, ineligible to citizenship and not exempted by Paragraph C, Section 13 thereof."

After Misuye Kobayashi had been ordered deported and while in custody of the appellee, she filed a petition for writ of habeas corpus, alleging in substance that she had been given an unfair hearing and that her deportation was barred by the provisions of Section 19 of the Immigration Act of 1917, in that she has resided in the United States for more than three consecutive years. [Tr. of Record pp. 2 to 6.] The Writ of Habeas Corpus by order of the District Court [Tr. of Record p. 7] was issued and served [Tr. of Record p. 8], and return was duly made. [Tr. of Record p. 9.]

The evidence adduced at the hearing on the writ consisted solely of the records of the United States Immigration Service now on file with the clerk of this Court pursuant to a stipulation [Tr. of Record p. 16] and order thereon. [Tr. of Record p. 17.]

At the conclusion of the hearing the Court made its order discharging the writ and remanding Misuye Kobayashi to the custody of the Immigration service. [Tr. of Record p. 12.] From that order this appeal is prosecuted. [Tr. of Record p. 13.]



### Specifications of Error Relied Upon.

*Specification 1.* The Court erred in holding that there was some evidence to sustain the findings on which the warrant of deportation of Misuye Kobayashi was based.

*Specification 2.* The Court erred in holding and deciding that Misuye Kobayashi had been given a fair hearing by the United States Immigration Service.

*Specification 3.* The Court erred in holding and deciding that the deportation of Misuye Kobayashi was not barred by the provisions of Section 19 of the Immigration Act of 1917. (8 U. S. C. A. 155.)

## ARGUMENT.

### A. Facts.

The facts in this case are in the main undisputed. The husband of the appellant, Mr. Tomekichi (Edward) Kobayashi, is a native born citizen of the United States. He married the appellant while visiting in Japan in the year 1926. (Immigration File, p. 4.) On November 24, 1926, at Yokohama she was issued a visa by an American Consul entitling her to enter the United States as a visitor under the provisions of Section 3 (2) of the Immigration Act of 1924. (8 U. S. C. A. 203.) This visa was good for one year. She presented herself at San Francisco for admission as a visitor, but for some reason not disclosed in the record, was denied entry as a visitor, but was permitted to pass through the United States in transit to Mexico, on December 17, 1926. (Immigration File, Exhibit D, p. 3.)

At Ensenada, Mexico, she and her husband again consulted an American Consul and received a letter from that Consul dated February 28, 1927 (Immigration File, Exhibit F), stating:

“Regarding application for non quota immigration visa for your wife, I have to advise that you must make petition to the Department of Labor through the Los Angeles Immigration Office. The tourist visa on your wife’s passport does not expire until the 23rd of next November, and you should have no difficulty in taking her to the United States for the short period necessary to make the petition and wait for a reply.”

On March 2, 1927, Misuye Kobayashi, armed with her passport and visitor's visa and the letter from the American Consul, presented herself for entry to the United States as a visitor at the port of San Ysidro. She was arbitrarily denied admission, although no adequate record was kept of the proceeding before the Board of Special Inquiry, as will appear from Exhibit F attached to the Immigration File which purports to be a record of the proceedings before the Board of Special Inquiry on March 2, 1927.

Thereafter and in March or April, Mrs. Kobayashi surreptitiously entered the United States and has remained here ever since.

We contend she cannot now be deported because her deportation is barred and that she has been treated unfairly by the Immigration Service in their failure to keep a record of her hearing before the Board of Special Inquiry on March 2, 1939.

## B. The Deportation of Misuye Kobayashi is Barred.

There can be no question from the record but that Misuye Kobayashi did have a visa to enter the United States as a visitor at the time she entered. Her only offense, therefore, was entering without inspection, which involves a three-year period of limitation. Section 19 of the Immigration Act of 1917 (8 U. S. C. A., Sec. 155) provides in part as follows:

“ . . . At any time within three years after entry any alien . . . who enters without inspection, shall upon the warrant of the Secretary of Labor, be taken into custody and deported. . . . ”

It has been held that deportation for an entry without inspection is barred by the above statute of limitation.

*McCandless v. U. S.*, 33 Fed. (2d) 882.

The letter of the American Consul at Ensenada (Immigration File, Exhibit F) conclusively establishes that Mrs. Kobayashi had a valid visa at the time of her surreptitious entry into the United States.

The second charge contained in the warrant of arrest falls as being armed with a visa even an alien ineligible to citizenship (Japanese) has a right to enter the United States as a visitor.

*Immigration Act of 1924*, Sec. 3 (2), 8 U. S. C. A.  
203.

### C. Misuye Kobayashi Was Given an Unfair Hearing.

We contend that if the Immigration Service had kept a record of the hearing before the Board of Special Inquiry on March 2, 1927, that that record would show that, at that time, Mrs. Kobayashi was armed with a visa as a visitor and was arbitrarily debarred from entering this country. Her visa was valid until the next November.

Counsel for Mrs. Kobayashi demanded that this record be produced and this demand was at first denied. (Immigration File, p. 7.) The so-called record was at a later date produced. (Immigration File, p. 14.) It has been attached to the Immigration File and is marked Exhibit F. It will be noted that this so-called record consisted of a shorthand notebook which could not be deciphered. It is submitted that this is no record at all.

The matter of hearings before a Board of Special Inquiry are provided for in Section 17 of the Immigration Act of February 5, 1917. (8 U. S. C. A., Sec. 153.) It is provided in said section: "Such Boards shall keep a complete, permanent record of their proceedings and of all such testimony as may be produced before them." The failure of the Immigration Service to keep this record very severely prejudices this alien in that she is entitled to have that record produced for the purpose of showing that she was not guilty of the charge that she did not have a visa when she entered the United States. Surely the essence of due process of law and fairness demands that the Immigration Service shall follow the requirements of the statute as well as their own rules and regulations.

### Conclusion.

In conclusion, it is submitted that the deportation of the appellant is barred, and that she has been given an unfair hearing by the Immigration Service in that it failed to keep the statutory records.

Congress has very wisely provided a limit of time in which deportation may be instituted for various classes of offenses. This case amply illustrates the wisdom of those limitations. This lady is the mother of an excellent family. The Immigration File, pages 8 and 9, contains the testimony of a minister, a school teacher and a business man, all of whom attest to the fine character of Mrs. Kobayashi and her family. A petition was signed by many other prominent business men, teachers, farmers and housewives, all showing the hardships entailed upon a deportation merely on the ground of illegal entry after a lengthy residence in the United States. The limit of time on deportation should therefore be applied in this case.

For the reasons indicated, the judgment of the District Court of the United States, in and for the Southern District of California, should be reversed.

Respectfully submitted,

THEODORE E. BOWEN,  
*Attorney for Appellant.*





No. 9764

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IN THE

# United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

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MISUYE KOBAYASHI,

*Appellant,*

*vs.*

WILLIAM A. CARMICHAEL, District Director of U. S.  
Immigration and Naturalization Service, Los Angeles,  
California, District No. 20,

*Appellee.*

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## BRIEF OF APPELLEE.

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MAY 16 1941



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*Appellee.*

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## BRIEF OF APPELLEE.

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### Preliminary Statement.

This appeal arises from an order of the District Court, Southern District of California [R. 12], dismissing the writ of habeas corpus theretofore issued by the same court in the case of Misuye Kobayashi and remanding said Misuye Kobayashi to the custody of the United States Immigration and Naturalization Service (appellee herein) for deportation. Certified Department of Justice file containing a transcript of the deportation proceedings, findings, and orders of the administrative authorities has been filed with the clerk of this court pursuant to a stipulation between the parties [R. 16].



### Statement of Facts.

The appellant is an alien of the Japanese race, thirty-four years of age. She was born in Japan 1907 and is a citizen of that country. She resided in Japan continuously from birth until 1926. In October of that year she married Tomekichi Kobayashi in Japan. On December 14, 1926, she arrived at the port of San Francisco and applied for admission to the United States as a visitor for pleasure. Her entry as a visitor was denied, but on December 17, 1927, she was permitted to enter in transit to Mexico under a \$500 bond. She departed to Mexico via San Ysidro, California, February 26, 1927. Thereafter on March 2, 1927, she applied at San Ysidro, California, for re-admission to the United States. Her application was denied on the ground that she was an immigrant not in possession of the immigration visa required of immigrants by the Immigration Act of 1924.

Following such exclusion the appellant gained entry into the United States on or about March 4, 1927, with the assistance of her husband, by walking through the brush in the river bottom back of the immigration office at San Ysidro. Having thus entered without detection, the appellant and her husband came by stage to San Diego, thence to Los Angeles. She has resided in the United States continuously since that date.

Appellant was taken into custody at Los Angeles June 13, 1939, under a warrant issued by the Secretary of Labor, charging that she was in the United States "in

violation of the Immigration Act of 1924 in that you are an alien ineligible to citizenship and not exempted by paragraph (c), Section 13 thereof." The alien was released the same day under a \$1,000 bond. Thereafter hearings were held at which appellant was represented by counsel. At the conclusion thereof, the Examining Inspector found the alien to be unlawfully in the United States as charged in the warrant of arrest, and in addition, found the alien to be deportable on the further ground:

"She is in the United States in violation of the Immigration Act of 1924 in that at the time of entry she was not in possession of an unexpired immigration visa."

Transcript of the hearing together with the exhibits introduced therein and counsel's brief was forwarded to the Department in Washington, D. C. It was there reviewed by the Board of Review. The Board recommended that a warrant be issued directing the alien's deportation to Japan.

The findings and conclusion of the Board were adopted by the Department and under date of December 18, 1939, an assistant to the Secretary of Labor caused his warrant to be issued directing the deportation of the appellant to Japan on the grounds above stated [R. 10]. The Department later withdrew this warrant and on January 22, 1940, issued a telegraphic warrant which provided that voluntary departure of appellant would be a satisfactory compliance with its terms. She was given until July 1,

1940, within which to voluntarily depart. Prior to that date, in view of various letters written by interested parties, the case was again reviewed; but on June 13, 1940, the Department directed that further extension of appellant's stay in the United States be denied. The appellant failing to depart, the Department on December 5, 1940, issued a further warrant superseding the warrant of December 18, 1939 and telegraphic warrant issued January 22, 1940. This last warrant directed the deportation of Misuye Kobayashi to Japan upon the same grounds as the two previous warrants. Appellee was about to execute the warrant when a writ of habeas corpus was filed in the District Court. After hearing, the lower court entered an order dismissing the writ of habeas corpus and remanded the alien to appellee [R. 12].

### The Issues.

Cases of the character here involved have been before this Honorable Court on numerous occasions and the issues are familiar. They generally present but three issues, namely:

- (1) Was a fair hearing accorded?
- (2) Is there some substantial evidence to support the administrative finding?
- (3) Has the law been correctly applied?

*Ng Fung Ho v. White*, 259 U. S. 276.

Appellee submits the foregoing sets out the only issues presented by the case at bar.

## ARGUMENT.

A review of this type of case in habeas corpus proceedings is circumscribed by well defined principles. A petition for a writ of habeas corpus challenges only the lawfulness of the custody and detention of the prisoner. It cannot be used as a means of securing the judicial determination of any other question:

*Story v. Rivas*, 97 Fed. (2d) 182, 188, and cases therein cited.

If, from an examination of the record, the court finds there has been no erroneous application of a rule of law it follows that the administrative decision will not be disturbed:

*Quon Quon Poy v. Johnson*, 273 U. S. 352, 358;

*Chin Yow v. United States*, 208 U. S. 8;

*Quock Jan Fat v. United States*, 253 U. S. 454.

### On the First Issue.

The procedure which resulted in the issuance of the order of deportation was fair in every respect. An examination of the immigration record will show that the hearing was conducted in conformity with the rules and regulations prescribed by the Secretary of Labor and conformed with all the requirements of "due process." Rules prescribed by the Secretary of Labor pursuant to law have the full force and effect of law:

*Fok Yung Yo v. United States*, 185 U. S. 296;

*Chun Shee v. White*, 9 Fed. (2d) 342 (C. C. A. 9);

*Haff v. Tom Tang Shee*, 63 Fed. (2d) 191 (C. C. A. 9).

The alien was fully informed of the nature of the proceedings and her right to counsel; and she did in fact employ counsel. No part of the evidence upon which the warrant was issued was concealed or withheld from her or her counsel and she was not deprived of the privilege of bringing forward explanatory or rebuttal evidence. The alien was permitted to introduce testimony in her own behalf and a brief was submitted by counsel which was considered by the Board of Review simultaneously with the record of hearing. This was not denial of a fair hearing.

As the hearings under the warrant were properly conducted with regard to the rights of the alien, under the rule of:

*Bilokumsky v. Tod*, 263 U. S. 149,

and as set forth in the following cases:

*In re Kosopud*, 272 Fed. 330, citing *Low Wah Suey v. Backus*, 225 U. S. 460, 471; *Mok Nuey Tau v. White* (C. C. A. 9), 224 Fed. 743; *Guiney v. Bonham* (C. C. A. 9), 261 Fed. 582, 585; *Wolck v. Weedin* (C. C. A. 9), 50 Fed. (2d) 928, 930.

the test of a fair hearing has been met.

### On the Second Issue.

Appellee submits that the evidence overwhelmingly supports the order of deportation. The alien was ordered deported because it was found that at the time of her entry into the United States,

- (1) she was an alien ineligible to citizenship and not exempted by paragraph (c) section 13 of the 1924 Act; and
- (2) she was not in possession of an unexpired immigration visa.

In reference to the first ground upon which the warrant of deportation was issued, it is undisputed that the alien is a native and citizen of Japan, of the Japanese race. She is therefore of a race ineligible to citizenship:

*Takeo Ozawa v. United States*, 260 U. S. 178.

Section 13c of the Immigration Act of May 26, 1924 (8 U. S. C. A. 213c), in effect at time of alien's entry in 1927 provides:

“Sec. 13c. No alien ineligible to citizenship shall be admitted to the United States unless such alien (1) is admissible as a non-quota immigrant under the provisions of subdivision (b), (d) or (e) of section 4, or (2) is the wife, or the unmarried child under 18 years of age, of an immigrant admissible under such subdivision (d), and is accompanying or following to join him, or (3) is not an immigrant as defined in section 3.”

The only claim the alien could have to the exemptions set forth above would be that she was of the class shown in (3) of Section 13c above quoted in that she was a



visitor. The evidence shows she has resided in this country continuously since her surreptitious entry in 1927, and that prior to said entry, she applied for admission as a visitor and was denied admission on the ground she was not a *bona fide* visitor. The evidence also shows she was not in possession of an unexpired immigration visa at the time of her entry (p. 6 of immigration hearing).

### On the Third Issue.

There has been no erroneous application of law by the administrative officials.

The order of deportation is based on that portion of Section 13 of the Immigration Act of May 26, 1924 (8 U. S. C. A. 213, 213c) which reads as follows:

“Sec. 13(a) No immigrant shall be admitted to the United State unless he (1) has an unexpired immigration visa \* \* \*.”

“(c) No alien ineligible to citizenship shall be admitted to the United States unless such alien (1) is admissible as a non-quota immigrant under the provisions of subdivisions (b), (d), or (e) of section 4 \* \* \*.”

and that portion of Section 14 of the same Act (8 U. S. C. A. 214) which provides:

“Any alien who at any time after entering the United States is found to have been at the time of entry not entitled under this act to enter the United States, \* \* \* shall be taken into custody and

✓ deported in the same manner as provided for in sections 19 and 20 of the immigration act of 1917:  
\* \* \*.”

Section 19 of the immigration Act of February 5, 1917 (8 U. S. C. A. 155) provides:

“\* \* \* That any person who shall be arrested under the provisions of this section on the ground that he has entered or been found in the United States in violation of any other law thereof which imposes the burden of proving his right to enter or remain, and who shall fail to establish the existence of the right claimed, shall be deported to the place specified in such other law. *In every case where any person is ordered deported from the United States under the provisions of this act, or any law or treaty, the decision of the Secretary of Labor shall be final.*” (Emphasis ours.)

Thus it is clear that no alien may be admitted to the United States for permanent residence without first securing an immigration visa; and no alien ineligible to citizenship shall be admitted to the United States unless he comes within the exemption specified in Section 13(c), *supra*. The alien in the case at bar does not fall within any of the exemptions specified in Section 13(c). She admits that on or about March 4, 1927, she entered the United States surreptitiously at a place near the port of San Ysidro, California and that at the time of such entry she was not in possession of an unexpired immigration visa, as required by Section 13(a) of the 1924 Immigration Act, *supra* (p. 6 of hearing).

Consequently the appellant is subject to deportation under the provisions of Section 14 of the 1924 Act, *supra*, as an alien who at the time of entry was not in possession of an unexpired immigration visa.

*United States v. Van Bierzliet*, 284 U. S. 590;

*Thamun Sing v. Haff* (C. C. A. 9), 83 Fed. (2d) 679.

The alien was therefore properly ordered deported from the United States.

### Reply to Appellant's Brief.

Counsel argues that the deportation of the appellant is barred by reason of the three-year period of limitation prescribed for deportation on the ground of entry without inspection. Such ground for deportation was never urged in the deportation hearing. The grounds on which the deportation of Misuye Kobayashi is sought, as stated above, are fully set forth in the warrant of deportation [R. 10]. Deportation proceedings are predicated upon the Immigration Act of 1924. Section 14 of that Act, *supra*, directs the deportation of "Any alien who *at any time after entering the United States* is found to have been at the time of entry not entitled under this act to enter the United States." (Emphasis ours.) Counsel appears to have confused the 1924 Immigration Act with the 1917 Immigration Act. Section 19 of the Act of February 5, 1917 (8 U. S. C. A. Sec. 155) reads as follows:

"\* \* \* at any time within three years after entry, any alien who shall have entered the United States \* \* \* by land at any place other than one designated as a port of entry for aliens by the Com-

missioner of Immigration and Naturalization \* \* \* shall, upon the warrant of the Secretary of Labor, be taken into custody and deported \* \* \*."

This Act clearly has no application to the case at bar. It is well established that no period of limitation is set upon the deportation of aliens who enter the United States in violation of the Immigration Act of 1924:

*U. S. ex rel. Fink v. Reimer* (C. C. A. N. Y. 1938), 96 Fed. (2d) 217; (Cert. den. 1939, 305 U. S. 618);

*Kishan Singh v. Carr* (C. C. A. 9, 1937), 88 Fed. (2d) 672.

Counsel's contention that the deportation of Misuye Kobayashi is barred by the statute of limitations is not founded in law or fact.

Counsel also contends that the appellant was in possession of an immigration visa at the time of her surreptitious entry into the United States and is therefore not subject to deportation on the ground of non-possession of a visa. It will be seen, however, that the passport visa granted the appellant in Japan permitting her to apply for admission as a visitor was the only visa which she had in her possession. She presented this passport visa to the immigration officers at the port of San Ysidro and her application for admission into the United States was considered by a Board of special Inquiry. The board found that the appellant was not a *bona fide* non-immigrant, as defined in

Section 3 of the Immigration Act of 1924 (43 Stat. 153). This Act and the regulations promulgated thereunder define the term "immigrant" as meaning:

✓ " \* \* \* any alien departing from any place outside the United States destined for the United States except (1) a Government official, his family, attendants, servants, and employees, (2) an alien visiting the United States temporarily as a tourist or temporarily for business or pleasure, \* \* \*".

and Section 15 of the Act provides that:

"the admission to the United States of an alien excepted from the class of immigrants by clause (2) \* \* \* of section 3 \* \* \* shall be for such time as may be by regulations prescribed."

And under Regulations to Govern Enforcement of the Immigration Act of 1924 is General Order No. 30, June 6, 1924, which was in effect at the time of appellant's entry:

" 'An alien visiting the United States temporarily as a tourist or temporarily for business or pleasure' shall be construed to mean an alien coming to the United States to remain not more than six months."

The appellant clearly was an immigrant as defined by Section 3 of the 1924 Act, *supra*. At the time of her surreptitious entry on or about March 4, 1927, she obviously was coming to the United States to take up permanent residence and not for a temporary visit of less than six months. This was the view of the Board of Special Inquiry at San Ysidro after hearing the husband's assertion that he desired his wife to remain with him in the

United States, and also the fact that Misuye Kobayashi did not acquire a domicile in Mexico.

The visa presented by appellant to the Board of Special Inquiry at San Ysidro consisted of a Japanese passport duly visaed by a United States consular officer in Japan and permitted her to apply for admission only as a non-immigrant visitor. The distinction between a visitor's (non-immigrant) visa and an immigrant's visa was pointed out by this court in:

*Del Castillo v. Carr* (C. C. A. 9, 1938), 100 Fed. (2d) 338, 341.

In that case the court said:

"The immigration law provides for inspection of every person applying for entry for an indeterminate period and such person under the law is termed an immigrant. The evidence in this case is sufficient to sustain a finding that instead of a visitor, appellant was in fact an immigrant when he entered the United States at Brownsville. This being true his written permit to be in the United States as a visitor was of no validity. And even if we should hold that this permit would remain valid until declared invalid upon a direct attack, it would avail appellant nothing. The evidence convinced the Assistant Secretary of Labor that appellant was an immigrant when he reentered at San Ysidro. In this status a permit theretofore issued to appellant as a visitor and not yet expired would not affect the necessity of inspection when he again applied at the border for entrance."



**Conclusion.**

Under the law and the authorities hereinabove set forth, there appears to be little question as to the right of the Department to order the alien's deportation to Japan. She is clearly subject to deportation and the warrant of deportation was issued after a fair hearing. Wherefore, appellee respectfully prays that the decision of the lower court be affirmed.

Respectfully submitted,

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